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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

# NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, MARCH 13, 2003 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

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## AGENDA
**March 13, 2003**

1. ROLL CALL

   *Sululagi Palega, Sr., President*
   *Julie Lee, Vice President*
   *George R. Brown, Commissioner*
   *Betty J. Smith, Commissioner*
   *Andrew J. Clark, Commissioner*
   *Neola Gans, Commissioner*
   *Rev. George Woodruff, Commissioner*

   SEATING OF NEW COMMISSIONER: REV. GEORGE WOODRUFF

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - February 27, 2003 Regular Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

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8. TENANT REPRESENTATIVE REPORT:

City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - None

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES PROVIDED BY ARNOLD EVJE AND LAWSON THOMPSON IN AN AMOUNT NOT-TO-EXCEED $70,000 FOR "NON PAYMENT OF RENT" CASES AND "FOR CAUSE" CASES

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING AND EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION FOR THE REVITALIZATION OF THE VALENCIA GARDENS PUBLIC HOUSING SITE UNDER THE HOPE VI PROGRAM

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT AN APPLICATION IN PARTNERSHIP WITH MISSION HOUISNG DEVELOPMENT CORPORATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE MULTIFAMILY HOUSING PROGRAM FUNDING FOR VALENCIA GARDENS IN AN AMOUNT NOT TO EXCEED $7,000,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. CLOSED SESSION

A Closed session is scheduled with the Executive Director and Agency Counsel under Government Code Section §54956.9 (b)(1) to discuss pending legal matters.

15. RECONVENING OF COMMISSION MEETING

16. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

**DATE:** **March 7, 2003**

**TO:** **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*George Woodruff, Commissioner*

**FROM:** **Gregg Fortner, Secretary/Executive Director**

**SUBJECT:** **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES PROVIDED BY ARNOLD EVJE AND LAWSON THOMPSON IN AN AMOUNT NOT-TO-EXCEED $70,000 FOR "NON-PAYMENT OF RENT" CASES AND "FOR CAUSE" CASES.**

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**OVERVIEW**

This resolution requests Commission approval for an increase in funds for legal services provided by Arnold Evje and Lawson Thompson in an amount not to exceed $70,000. The additional funding is to cover continuing legal services with respect to unlawful detainer cases until a new contract for legal services can be executed. The San Francisco Housing Authority (the "SFHA") previously entered into contracts with Arnold Evje, dated January 6, 2002, and Lawson Thompson, dated January 21, 2003, under which Arnold Evje and LawsonThompson agreed to provide unlawful detainer legal services to the SFHA in conjunction with the Public Housing and Section 8 Programs.

Due to a large backlog of unlawful detainer cases and many new non-payment of rent and lease violation cases, the contracts will be out of budget authority very shortly. The Authority has issued a new Request for Proposals for unlawful detainer legal services, which will close on March 17, 2003. The new contracts will be awarded no later than June 1, 2003.

**PROCUREMENT**

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority solicited Requests for bids for the provision of legal services in conjunction with unlawful detainer matters, which closed on December 23, 2002. Flat or capped fees were sought for "cause" cases in the amount of $24,999 and for "rent" cases in the amount of $24,999. Three firms submitted bids; however, only Arnold Evje and Lawson Thompson submitted flat or capped fees, as required in the Procurement Request. The contract amounts for "cause" and for "rent" cases were split between Arnold Evje and Lawson Thompson. Lawson Thompson's fees were higher for "cause" cases so the firm received a smaller contract award for those types of cases.

Arnold Evje is an experienced unlawful detainer attorney, who serves as a San Francisco Superior Court Judge Pro Tem. Although another law firm is also providing unlawful detainer legal services, Arnold Evje will receive a greater portion of the increased amount. Mr. Evje's fees for "cause" cases are 30% less than Lawson Thompson, he does not have the hidden and/or additional charges for certain services, and he has resolved cases more advantageously than Lawson Thompson. It is in the best interest of the Housing Authority to assign a greater portion of the increased contract amount to Arnold Evje.

**OBJECTIVE**

The objective of this resolution is to obtain Commission approval for additional funding to provide uninterrupted legal services for unlawful detainer services. The Authority has assigned Lawson Thompson fifty-four cases under its original contracts and Arnold Evje fifty cases. Legal actions have resulted in full rental payments, voluntary vacating of units, stipulated settlements filed with the court, and as a result, fewer tenant evictions. In order to continue to address rent payment delinquencies and lease violations in a prompt and responsive manner, continued funding is necessary.

**ANTICIPATED OUTCOMES**

It is anticipated that continued unlawful detainer actions will result in increased rental revenues or the eviction of tenants who are not meeting rental obligations. The early filing of legal actions before rental deficiencies become substantial will more likely result in the payment of past due rent and a stipulated settlement agreement. The Authority has received a significant increase in police reports relating to lease violations, with a total of fifty-nine reports in February 2003, twenty-seven in January 2003, seventeen in December 2002, two in November 2002, and fourteen in October 2002. Additional legal services are required to address this increase in reported crimes, which will result in a healthier and safer environment for the residents.

**WHO BENEFITS**

The residents of SFHA development sites, the residents, and the Housing Authority will benefit from the increased rent revenues, the removal of tenants who are responsible for reported crimes, and an improved community environment resulting from ongoing lease enforcement.

**BUDGET CONSIDERATIONS**

Funding for this request is available from the FY 2003 Low Income Operating Program.

**RECOMMENDATION**

I recommend that the Board approve this resolution to increase the funding of the legal services contract for unlawful detainer actions with Arnold Evje and Lawson Thompson in an amount not-to-exceed $70,000.

RESOLUTION NO. _____

DATE ADOPTED _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES PROVIDED BY ARNOLD EVJE AND LAWSON THOMPSON IN AN AMOUNT NOT-TO-EXCEED $70,000 FOR "NON PAYMENT OF RENT" CASES AND "FOR CAUSE" CASES.

WHEREAS, the San Francisco Housing Authority (the "SFHA") previously entered into a contract with Arnold Evje, dated January 6, 2002 ("Original Contract"), and Lawson Thompson, dated January 21, 2003, ("Original Contract"), under which Arnold Evje and Lawson Thompson agreed to provide certain legal services to the SFHA in conjunction with the Public Housing and Section 8 Programs; and,

WHEREAS, Arnold Evje and Lawson Thompson have been providing legal services for a previous backlog of and ongoing non-payment of rent and lease violation matters; and,

WHEREAS, it is essential that the SFHA continue its rent collection efforts and address lease violations through use of the legal processes until a new contract can be issued; and,

WHEREAS, the SFHA's current legal office does not possess the necessary resources to provide ongoing unlawful detainer legal services; and,

WHEREAS, funding for this request is available from the FY 2003 Low Income Operating Program; and,

WHEREAS, the law firms of Arnold Evje and Lawson Thompson have demonstrated and proven experience, knowledge, and expertise in the area of rent collection and unlawful detainer litigation; and,

WHEREAS, a Request for Proposals for unlawful detainer services will close on March 17, 2003 and new contracts awarded no later than June 1, 2003; and

WHEREAS, the estimated amount of these additional services are not to exceed the amount of Seventy Thousand Dollars ($70,000).

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:**

1. The Executive Director is authorized to increase funds for legal services for unlawful detainer cases provided by Arnold Evje and Lawson Thompson in an

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

DONNA MARTIN, General Counsel

Date: 3-7-03

GREGG FORTNER, Executive Director

Date: 3/7/2003

B

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

**DATE:** March 7, 2003

**TO:** SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*George Woodruff, Commissioner*

**FROM:** Gregg Fortner, Secretary/Executive Director

**SUBJECT:** RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING AND EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION FOR THE REVITALIZATION OF THE VALENCIA GARDENS PUBLIC HOUSING SITE UNDER THE HOPE VI PROGRAM

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## OVERVIEW

On October 26, 2000, the San Francisco Housing Authority Board of Commissioners adopted Resolution #4940 authorizing the Executive Director to execute a Memorandum of Understanding and Predevelopment Loan Agreement with Mission Housing Development Corporation for the revitalization of Valencia Gardens under the HOPE VI program. This resolution authorizes the Executive Director to execute an Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement (hereafter incorporated in the term MOU) with Mission Housing Development Corporation (MHDC) for the purposes of: (1) clarifying to potential funding sources that the original Memorandum of Understanding provides for exclusive negotiating rights between the SFHA and MHDC; and (2) extending the MOU end date until just after June 2003 when CEQA, EIR, NEPA and Conditional Use approvals will be

obtained and allow for the Development and Disposition Agreement to be presented to the Commission for authorization.

An Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement between the SFHA and MHDC must be included with an application for $7,000,000 of state Multifamily Housing Program (MHP) funds, that will be submitted to the California Department of Housing and Community Development by the March 18, 2003 deadline.

**OBJECTIVE**

Execution of MOU will enable the SFHA and MHDC to apply for MHP funds and will extend the time frame for the negotiation of a DDA until after the CEQA, EIR, NEPA and Conditional Use approvals have been obtained.

**PRESENT SITUATION**

On May 28, 1997, SFHA published a Request for Proposals (RFP) for the Revitalization of Assisted Housing at Valencia Gardens with the intention of procuring a potential developer partner to assist with a HOPE VI revitalization of Valencia Gardens. MHDC submitted a qualifying proposal on June 10, 1997. MHDC was the sole respondent to the SFHA RFP. MHDC's proposal was reviewed and approved by a selection committee to provide assistance in the revitalization of Valencia Gardens. On June 17, 1997 the SFHA Commission acted by resolution to authorize the Executive Director to enter into negotiations with MHDC for the revitalization of Valencia Gardens.

On July 18, 1997, SFHA responded to a HUD HOPE VI NOFA with submission of the Valencia Gardens HOPE VI Revitalization Grant Application requesting a grant of $23,230,641 to comprehensively rehabilitate the site. HUD approved the HOPE VI Grant application for the full amount requested. The Commission authorized the Executive Director by resolution to execute the HOPE VI Grant Agreement on February 3, 1998, however HUD did not provide the executed Grant Agreement in December of 1998.

Delays to the execution of the initial MOU occurred due to ongoing in-depth negotiations between SFHA and MHDC on basic terms of the development partnership, inability to obtain site control for an ancillary site for a portion of the public housing replacement housing, and reconsideration of the original plans for renovation of the site. In the intervening period of time SFHA, MHDC, and the Valencia Resident Council worked together to open an interim childcare facility and SFHA Computer Learning Center on site, establish an active Valencia Gardens HOPE VI Community Task Force and initiate the Valencia Gardens HOPE VI CCS Family Grants Program.

The attached MOU reflects the culmination of agreements reached by both parties in consultation with Valencia Gardens residents and the Valencia Gardens Residents Council. The MOU and

Predevelopment Loan Agreement, both approved by HUD and executed in November 2001, allowed the predevelopment work on the Valencia Gardens site to proceed.

MHDC, with participation of SFHA and Valencia Gardens residents, identified a qualified architect who conducted an aggressive six-month resident and community participatory design process for Valencia Gardens. At the conclusion of this design process, with the support of residents, SFHA staff and MHDC, consensus was reached to change the revitalization plan from rehabilitation of the existing buildings to demolition of the entire site and construction of all new housing and community facilities. A preliminary financing plan was prepared and the Revitalization Plan was submitted to HUD in December 2001. By June 2002, the contractor was selected by MHDC and preliminary cost estimates were developed. At the same time, the process for obtaining all of the environmental and conditional use permits began. This process is nearing completion with environmental and conditional use hearings scheduled before the City Planning Commission in June.

The Valencia Gardens HOPE VI Revitalization will demolish the 246 dilapidated apartments at Valencia Gardens and rebuild the site with between 265 and 290 large townhouses and flats, as well as smaller apartments for seniors, up to 11,000 square feet of community facilities, a childcare center, a computer learning center, resident council space and property management offices. Approximately eighty percent of the newly constructed apartments will be public housing replacement units with Annual Contributions Contract subsidies or Section 8 project based subsidies and approximately 20 percent will be low-income housing tax credit units for households with incomes at or below sixty percent of the area median income.

**ANTICIPATED OUTCOME**

The MOU defines the proposed roles of the Valencia Gardens Development Partners to do the following in relation to the Valencia Gardens site:

- Complete all necessary site planning and architectural drawings to secure required City and County of San Francisco Planning, Environmental and Building approvals and permits and other local, regional, state, and federal agencies to complete the development;
- Apply for financing commitments identified in the Financing Plan and Sources and Uses Summary.
- Execute a Disposition and Development Agreement as soon as the environmental and conditional use approvals are obtained.
- Complete negotiations for a long term ground lease, regulatory and operating agreement, partnership agreement, HOPE VI loan agreement, management agreement and any other related documents with the Authority with participation of the duly elected resident council;
- Prepare all documents necessary for demolition and construction with provisions to: (1) oversee the construction of the development, and (2) ensure that all required occupancy permits are obtained for safe and habitable occupancy and operation of the development;

- Comply with the SFHA Resident Hiring Program, and all property management policies of the SFHA;
- Work collaboratively and cooperatively with the residents, Valencia Gardens Resident Council, and neighborhood and community groups.

## WHO BENEFITS

The Valencia Gardens residents, the surrounding Mission District community and the SFHA will benefit from authorization to execute this Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement with Mission Housing Development Corporation. Execution of the MOU will enable the SFHA and MHDC to apply for MHP funds and extend the time frame for the negotiation of a DDA until after the CEQA, EIR, NEPA and Conditional Use approvals have been obtained.

## BUDGET CONSIDERATIONS

Funding for this HOPE VI Valencia Gardens Development comes from the 1997 HOPE VI Grant of $23,230,641. The partnership created through this MOU will allow these funds to leverage an estimated $40 million in additional funds from various sources including: the state Multifamily Housing Program, California Housing Finance Agency, Low Income Housing Tax Credits, local support, private lenders and other sources. The total development cost of Valencia Gardens is expected to be approximately $63.4 million.

## RECOMMENDATIONS

Staff recommends the adoption of the Resolution.

**INDEX TO ATTACHMENTS**

I. Valencia Gardens Status Report

II. Draft Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement

III. Letter from MHDC regarding Valencia Gardens Budgets

RESOLUTION NO. _____

DATE ADOPTED:_____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING AND EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION (MHDC) FOR THE REVITALIZATION OF THE VALENCIA GARDENS PUBLIC HOUSING SITE UNDER THE HOPE VI PROGRAM

WHEREAS, the San Francisco Housing Authority (SFHA) Board of Commissioners adopted Determination and Order #133 on July 12, 1997 authorizing the Executive Director to negotiate with Mission Housing Development Corporation (MHDC), a non-profit affordable housing development, for the purpose of revitalizing the Valencia Gardens Development;

WHEREAS, the San Francisco Housing Authority Board of Commissioners adopted Determination and Order #131 on July 12, 1997 authorizing the Executive Director to submit the Valencia Gardens HOPE VI Application for an Implementation Grant;

WHEREAS, in September 1997 HUD awarded the SFHA $23,230,641 in HOPE VI Grant funds for the revitalization of Valencia Gardens and a Valencia Gardens Ancillary Site;

WHEREAS, the San Francisco Housing Authority Board of Commissioners adopted Resolution #4940 on October 26, 2000, authorizing the Executive Director to execute a Memorandum of Understanding ("MOU") and Predevelopment Loan Agreement with MHDC for the revitalization of the Valencia Gardens public housing site under the HOPE VI program;

WHEREAS, the SFHA and MHDC are proceeding with many tasks under the MOU and the Predevelopment Loan Agreement including: (1) selecting the general contractor; (2) processing the CEQA, EIR, NEPA and Conditional Use approvals expected in June 2003; (3) completion of design development documents; (4) relocating residents; and (5) developing a financing plan;

WHEREAS, the SFHA and MHDC are in the process of applying for funding for the Project based on the preliminary financing plan;

WHEREAS, the SFHA and MHDC have undergone extensive negotiations that have resulted in a mutually beneficial and agreeable outline of terms for the negotiation of the Development and Disposition Agreement (DDA) for the Valencia Gardenia revitalization;

WHEREAS, except for detailed obligations stated therein, the parties intend that this Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement (hereafter incorporated in the term "MOU"), along with the executed

Predevelopment Loan Agreement, constitute the common understanding of the framework within which they will conduct further negotiations with the intention of resulting in the DDA and related agreements for the Valencia Gardens HOPE VI revitalization program; and

WHEREAS, the MOU is being amended and restated to provide sufficient time to obtain CEQA, EIR, NEPA and Conditional Use approvals prior to execution of the DDA and clearly state that the MOU is an exclusive negotiating rights agreement.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. The Executive Director is authorized to enter into an Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement with Mission Housing Development Corporation; and

2. The Executive Director is authorized to enter into and execute other related documents as may be necessary to administer the MOU, and may execute such other documents and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel; and

3. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin

DONNA MARTIN, Managing Attorney

Date 3-7-03

REVIEWED BY:

GREGG FORTNER, Executive Director

Date

# *Valencia Gardens HOPE VI Revitalization*

## *Status Report*
## *March 7, 2003*

# *Valencia Gardens HOPE VI Revitalization*

## *Table of Contents*


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| *VI.* | *Statistical Summary* | *6* |
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Aerial View

Site Plan

**Client :**

Mission Housing Development Corp.
San Francisco, California

San Francisco Housing Authority

NORTH

SCALE: 1" = 50'

# Valencia Gardens HOPE VI
San Francisco, California

**Schematic Design**
December 19, 2001

**Architect :**

Van Meter Williams Pollack
ARCHITECTURE - URBAN DESIGN
San Francisco, CA Denver, CO

Martinez Architects Inc
Los Angeles, CA

*Valencia Street Elevation*

*15th Street Elevation*

**Client :**

**Mission Housing Development Corporation**
San Francisco, California

**San Francisco Housing Authority**

# Valencia Gardens HOPE VI
San Francisco, California

**Revised Conceptual Elevations**

February 2003

**Architect :**

**Van Meter Williams Pollack**
ARCHITECTURE + URBAN DESIGN
San Francisco, CA Denver, CO

**Martinez Architects Inc.**
Los Angeles, CA

## SUMMARY OF PROPOSED DEVELOPMENT

- Demolish 246 existing dwelling units and community facilities at Valencia Gardens site
- Construct 270 proposed dwelling units and community facilities at Valencia Gardens site

| DWELLING UNITS | 1 BR | 2 BR | 3 BR | 4 BR | TOTAL |
|---|---|---|---|---|---|
| Existing Units | 114 | 102 | 30 | 0 | 246 |
| Proposed Units | 58 | 107 | 93 | 12 | 270 |
| Increase (Decrease) | (56) | 5 | 63 | 12 | 24 |

### PROPOSED COMMUNITY FACILITIES

| | |
|---|---|
| Community Rooms with Kitchen | 3,200 SF |
| Computer Learning Center | 3,000 SF |
| Childcare Facility | 3,200 SF |
| Resident Association Office | 400 SF |
| Seniors Lobby and Commons | 800 SF |
| Management Offices and Reception | 500 SF |
| Maintenance Facilities | 1,500 SF |
| Total Community Facilities | 12,600 SF |

### PARKING

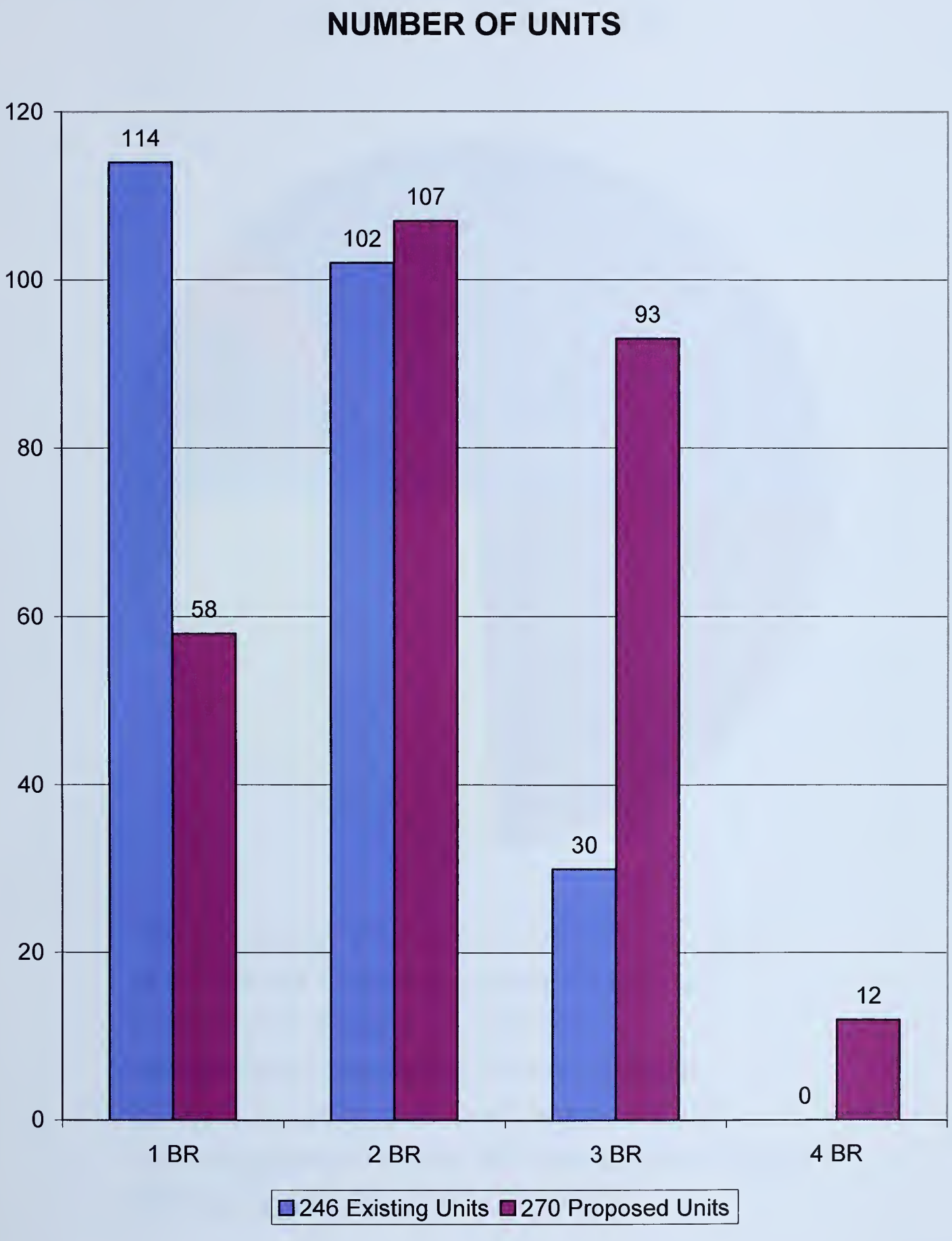
| | |
|---|---|
| Existing On-Site Spaces | 80 Cars |
| Proposed On-Site Spaces | 86 Cars |

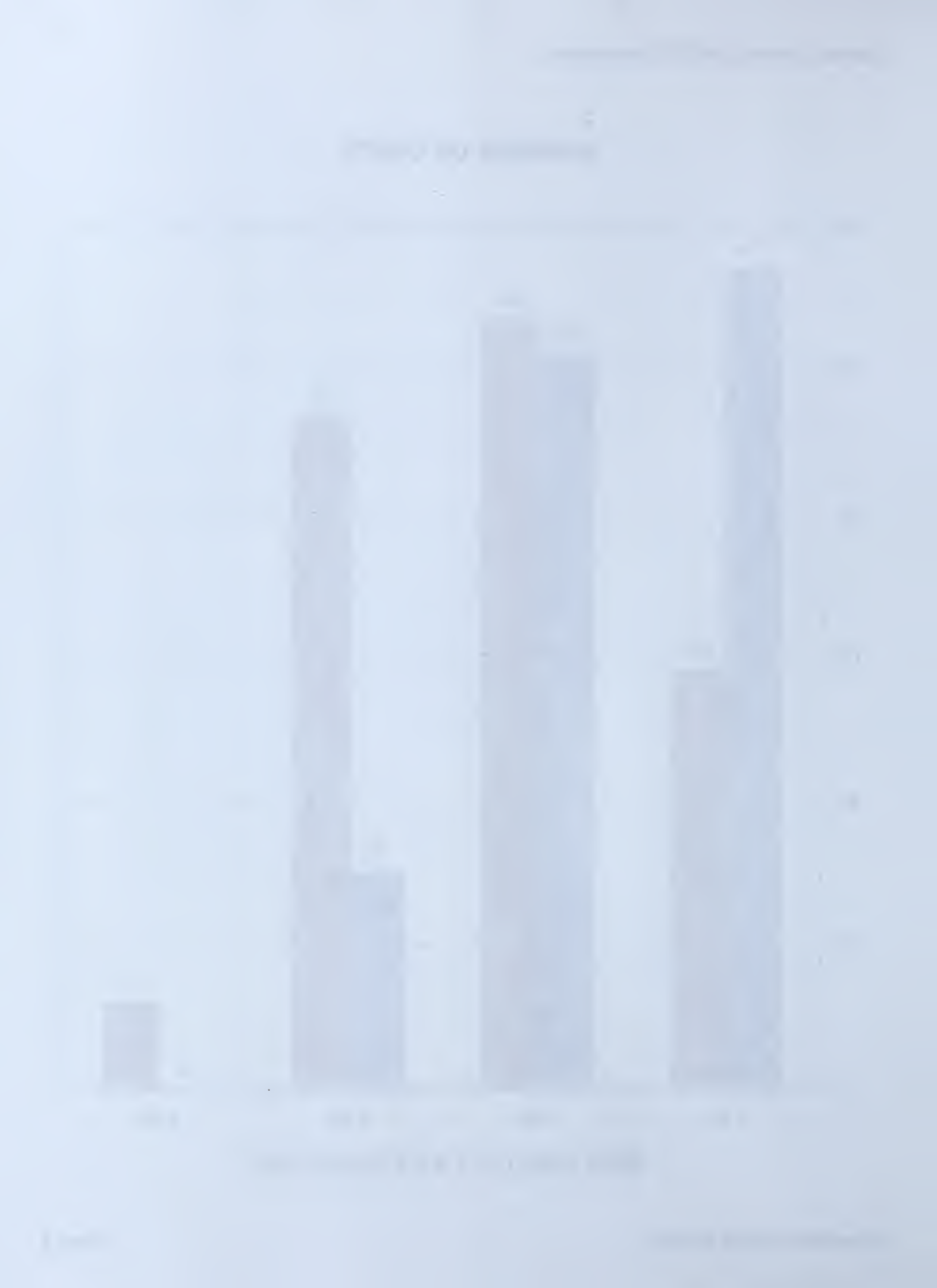
### ACCESSIBILITY AND ADAPTABILITY

| | |
|---|---|
| Existing Accessible/Adaptable Units | 3 Units |
| Proposed Accessible/Adaptable Units | 95 Units |

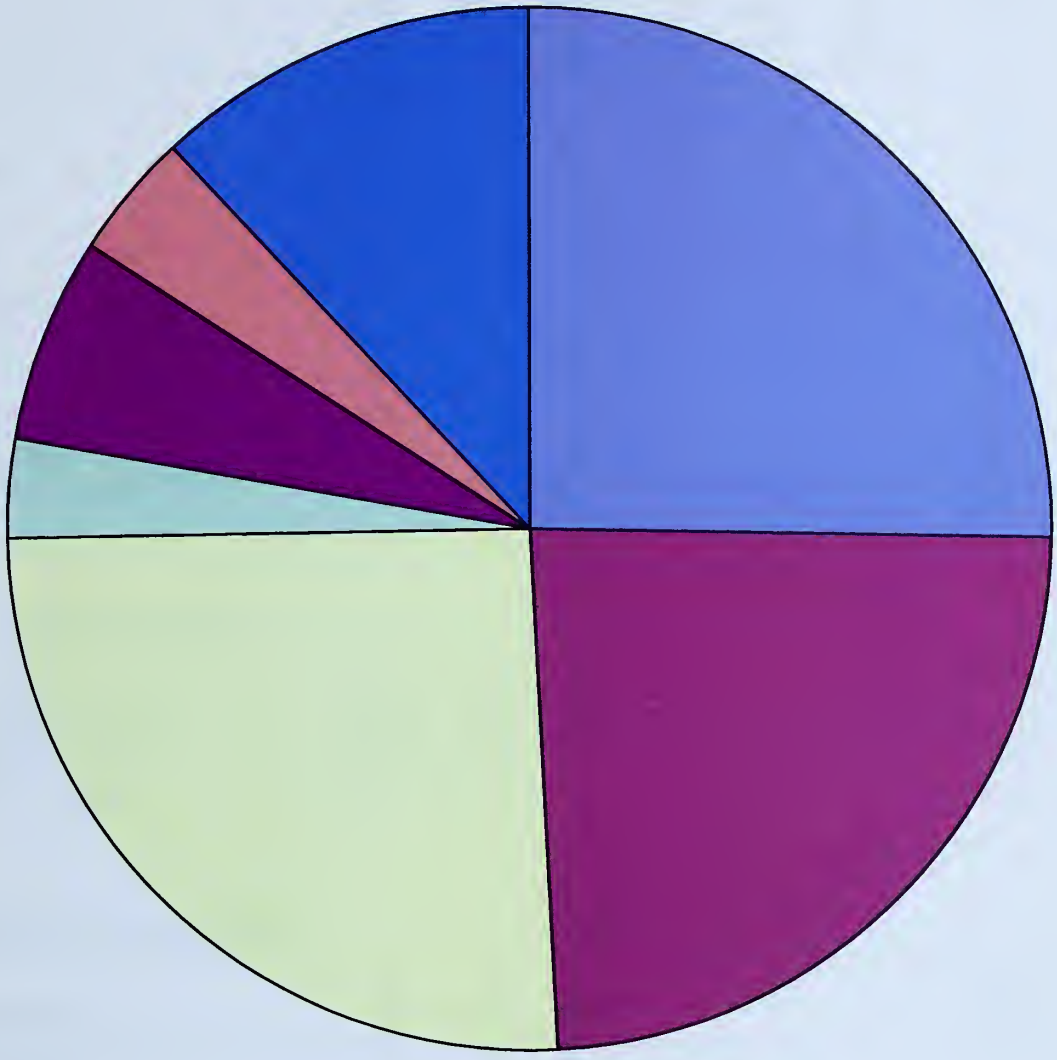
### TYPES OF 1-BEDROOM UNITS

| | |
|---|---|
| Ground Floor Flats on Esplanade | 16 Units |
| Seniors Flats in Valencia Building | 42 Units |


NUMBER OF UNITS
120
100
80
60
40
20
0
114
58
102
107
30
93
0
12
1 BR
2 BR
3 BR
4 BR
246 Existing Units
270 Proposed Units



## COMMUNITY FACILITIES



- Community Rooms with Kitchen - 3,200 SF
- Computer Learning Center - 3,000 SF
- Childcare Facility - 3,200 SF
- Resident Association Office - 400 SF
- Seniors Lobby and Commons - 800 SF
- Management Offices and Reception - 500 SF
- Maintenance Facilities - 1,500 SF

## STATISTICAL SUMMARY

**Tabulation of Units by Bedroom Count**

| Module | 1 BR Flat | 2 BR Flat | 2 BR TH | 3 BR Flat | 3 BR TH | 4 BR TH | Total Units |
|---|---|---|---|---|---|---|---|
| S1 | 16 | | | | 16 | | 32 |
| S2 | 0 | | 16 | 16 | 16 | | 48 |
| S3 (S2 End) | 0 | | 5 | 5 | 5 | | 15 |
| S4 | 0 | 13 | 26 | | | | 39 |
| S5 | 0 | | | | | 10 | 10 |
| S6 (S5 Stoop) | 0 | | | | | 2 | 2 |
| S7 | 0 | | 13 | | 26 | | 39 |
| S8 | 0 | | 27 | | | | 27 |
| Valencia Building | 42 | 3 | | | | | 45 |
| Corner Building | 0 | | 4 | | 9 | | 13 |
| **Totals** | **57** | **16** | **91** | **21** | **72** | **12** | **270** |

**Comparison of Unit Types**

| Number of Bedrooms | 1 BR | 2 BR | 3 BR | 4 BR | Total Units |
|---|---|---|---|---|---|
| 246 Existing Units | 114 | 102 | 30 | 0 | **246** |
| 270 Proposed Units | 58 | 107 | 93 | 12 | **270** |

**Accessibility and Adaptability**

| Access Condition | 1 BR | 2 BR | 3 BR | Total Units |
|---|---|---|---|---|
| Ground Access | 16 | 21 | 16 | 53 |
| Elevator Access | 42 | | | 42 |
| **Totals** | 58 | 21 | 16 | **95** |

**Arrangement of 1 Bedroom Units**

| | |
|---|---|
| Ground Floor Flats on Esplanade | 16 |
| Senior Flats in Valencia Building | 42 |
| **Total** | **58** |

# SOURCES AND USES OF FUNDS

| SOURCES OF FUNDS | | |
|---|---|---|
| First Mortgage | 5,912,000 | 30 year, fully amortized, 5.40% |
| Second Mortgage: Supported By Section 8 | 3,680,000 | 10 year, fully amortized, 5.40% |
| HOPE VI | 18,080,641 | |
| CA Housing Finance Admin. Deferred Loan | 1,000,000 | |
| HUD Demolition funds | 0 | |
| State Multi-Family Housing Program (MHP) | 7,000,000 | 30 year, 0% loan |
| Local Funds- Mayor's Office of Housing | 4,968,290 | |
| General Partner | 1,200,000 | |
| Limited Partner @ 99.99% | 20,537,167 | @ 84 cents per credit dollar |
| **TOTAL SOURCES** | **62,378,098** | |

| USES OF FUNDS | |
|---|---|
| Land acquisition | 0 |
| Demolition/Remediation | 3,831,932 |
| Site improvements | 3,732,861 |
| New Construction of Buildings | 36,241,446 |
| Buildout of Child Care and Computer Center | 1,000,000 |
| Personal Property in Construction Contract | 270,000 |
| Furniture Purchased by Owner | 150,000 |
| Construction Contingency @ 10% | 4,025,425 |
| Local Permits and Fees | 450,000 |
| Local Impact Fees | 319,287 |
| Architecture and Engineering | 2,792,457 |
| Survey, field engineering, environmental, testing | 313,000 |
| Construction management | 110,000 |
| Soft Cost Contingency | 560,000 |
| Financing Costs | 3,319,976 |
| Real Estate Taxes During Construction | 0 |
| Course of Construction Insurance | 850,000 |
| Appraisal | 20,000 |
| Tax Credit Allocation Committee Fees | 95,559 |
| Title & Escrow - Construction financing | 25,000 |
| Marketing | 100,000 |
| Project Audit | 10,000 |
| Capitalized reserves (6 mo operating; 24 mo ACC) | 1,590,656 |
| Development Fee | 2,400,000 |
| **TOTAL PROJECT COSTS** | **62,378,098** |

# SUMMARY OF HOPE VI FUNDS

| | |
|---|---|
| **HOPE VI Grant** | **23,230,641** |
| Family Self-Sufficiency programs | 1,230,000 |
| SF Housing Authority Administration | 1,300,000 |
| SF Housing Authority Fees and Costs | 1,220,000 |
| Relocation | 1,400,000 |
| **Available for MHDC Development Costs** | **18,080,641** |

# Development Timeline

| TASK | START DATE | COMPLETION DATE |
|---|---|---|
| **Planning & Building Permits** | | |
| CEQA/Initial Study/EIR | August 2002 | June 2003 |
| Planning Department Public Comment EIR | April 2003 | April 2003 |
| Conditional Use/PUD | December 2002 | June 2003 |
| Section 106 | August 2002 | March 2003 |
| NEPA/EA | August 2002 | June 2003 |
| Demolition Permit | July 2003 | August 2003 |
| Site Permit (Grading/Foundations) | September 2003 | December 2003 |
| Addendum I (Superstructure) | December 2003 | February 2004 |
| Addendum II (MEP) | February 2004 | April 2004 |
| **Developer Agreement** | | |
| Execute MOU Feasibility /Predevelopment | December 2000 | December 2000 |
| Negotiate DDA | May 2002 | March 2003 |
| HUD & Commission Approval | March 2003 | June 2003 |
| Execute DDA | June 2003 | June 2003 |
| **Architecture** | | |
| Architect-Full Contract Execution | November 2002 | January 2003 |
| Schematic Design | January 2001 | December 2002 |
| Design Development | January 2003 | June 2003 |
| 50% Construction Documents | June 2003 | September 2003 |
| 80% Construction Documents | September 2003 | November 2003 |
| 100% Construction Documents | September 2003 | February 2004 |
| Bid & Negotiation | January 2004 | April 2004 |
| **Resident Participation** | | |
| Resident Design Workshops | October 2000 | June 2003 |
| Monthly Task Force Meetings | 1999 | December 2005 |
| **Financing** | | |
| Revitalization Plan/HUD Approval | December 2001 | April 2002 |
| MHP Application | March 2003 | June 2003 |
| MOH Negotiation/Application | February 2003 | August 2003 |
| Bond Allocation | July 2003 | September 2003 |
| 4% Tax Credit Application | September 2003 | October 2003 |
| Construction Loan | October 2003 | February 2004 |
| HOPE VI Loan Close | October 2003 | February 2004 |
| **Relocation & Demolition** | | |
| Relocation | 1999 | July 2003 |
| Hazardous Materials Removal | August 2003 | October 2003 |
| Demolition | November 2003 | January 2004 |
| **Construction** | | |
| Contractor Selection | June 2002 | August 2002 |
| Notice to Proceed – Residential Construction | March 2004 | March 2004 |
| Substantial Completion | July 2005 | July 2005 |
| Certificate of Occupancy | August 2005 | August 2005 |
| Qualified Occupancy – 95% Rent Up | December 2005 | December 2005 |

# San Francisco Housing Authority
# HOPE VI Relocation
# Valencia Gardens Update

| | |
|---|---|
| Total Units | 246 |
| Units Vacant @ HOPE VI Application | -13 |
| **Households @ time of HOPE VI Grant** | **233** |

## Relocation

| | | |
|---|---|---|
| **Public Housing** | | **76** |
| Other HOPE VI Site | 22 | |
| **Section 8** | | **59** |
| San Francisco | 49 | |
| Other | 10 | |
| **Other Housing** | | **34** |
| Deceased | 7 | |
| Evicted | 17 | |
| Other | 9 | |

1- homeowner 1 - transitional 5 - no subsidy 3 - unit based

**Total Households Vacated 169**

**Current Occupied Units - 64**

prepared by Nicole McCray-Dickerson,
Acting Program Manager I

# Summary of Proposed Documents

Disposition and Development Agreement (DDA) – This document is currently under negotiation between Mission Housing Development Corporation (MHDC) and the San Francisco Housing Authority (SFHA). The DDA lays out the basic design, financing, timeframe, legal and business parameters for the revitalization. These parameters become the basis for all of the documents outlined below.

1. Rental Term Sheet—This is a HUD HOPE VI required form that summarizes the entire Valencia Gardens development and sets out certain deal terms, such as the number of units, unit sizes, ownership structure, reserves, sources and uses of funds, developer fees and public housing operating subsidy methodology. Many of the substantive terms of the Rental Term Sheet are duplicated in the Mixed Finance Amendment to the Annual Contributions Contract (see #2 below).

2. Mixed Finance Amendment to the Consolidated Annual Contributions Contract (ACC)—This a HUD HOPE VI required document. It amends the San Francisco Housing Authority's (SFHA) existing Annual Contributions Contract (ACC) with HUD specifically for Valencia Gardens. Each of the SFHA's HOPE VI projects (Hayes Valley, Bernal Dwellings, Plaza East and North Beach) has its own Mixed Finance Amendment. The various exhibits to this document describe the parties to this transaction, the financing, the unit mix, the flow of funds into the project during construction, and the list of all evidentiary documents that must be approved by HUD.

3. Ground Lease Agreement—This agreement will convey a leasehold interest in the residential parcel of the property to a Valencia Gardens housing partnership (VGHA), which is proposed to be a limited partnership comprised of Mission Housing Development Corporation, the Developer Partner and a tax credit Investor limited partner. The SFHA will have the right to appoint two representatives to the board of directors of a nonprofit corporation which will serve as a special limited partner of VGHA during construction. The VGHA would not be able to alter the public housing or affordability restrictions on the project, resident hiring requirements, tenant selection criteria without the approval of the SFHA's representatives. After completion of construction and receipt of a determination of 501(c)(3) tax-exempt status from the IRS, this nonprofit corporation will become the Managing General Partner of VGHA.

Under the Ground Lease, VGHA will may be obligated to make certain payments to the SFHA, including:

a) A percent of cost savings achieved on the project after completion of construction (the Mayor's Office of Housing may receive a percent and the developer would receive a percent).
b) A payment after completion of lease-up, less any costs VGHA suffers as a result of SFHA-caused delays in lease-up.

c) A payment to fund an Affordability Reserve for the ACC units, in case of reduction or elimination of the public housing ACC operating subsidy provided to SFHA by HUD;
d) A payment to fund the Initial Operating Period Reserve, which will pay for operations of the public housing units after lease-up and prior to start up of HUD public housing ACC subsidies for the new housing (any unused funds will pass to SFHA);
e) A percent of Residual Receipts from the Section 8 units, which, together with the ACC units, comprise the Public Housing Replacement units.

The term of the lease would be between 55 and 75 years. The terms of the leases for Bernal Dwellings, Plaza East and North Beach are 75 years. The terms are so long because they need to be longer than the 55-year affordability restrictions imposed by the Tax Credit Allocation Committee (TCAC), and allow sufficient time after those restrictions expire to permit, at least in theory, the collection of market rents to pay for previously accrued rent under this lease. SFHA will retain its fee interest in the land, encumbered only by the land use restrictions and the Declaration of Trust.

5. Purchase Option Agreement & Right of First Refusal (Residential and Commercial)—SFHA will have an option to purchase the residential portion of the development after 15 years of operation, which is the TCAC tax credit compliance period. At this time, the investor limited partner will leave the VGHA partnership, provided any exit taxes are paid by the purchaser. The purchase price of the residential project will be the amount of the exit taxes and any outstanding debt. This debt may either be assumed by the SFHA or paid off as part of a refinancing of the project. After acquisition of the residential portion of the project, the SFHA's expected financial return should increase significantly as it will receive 100% of the cash flow from the Section 8 units it previously received only a percent on, and VGHA's share of cash flow on the tax credit units.

6. Declaration Establishing Reciprocal Easements & Covenants with the Land—This document provides for the owners of the commercial and residential parcels to share responsibility for any common areas and utilities. In the ground leases, the ownership entities have agreed to indemnify the SFHA for any costs to the SFHA resulting from claims arising from this document.

7. Regulatory and Operating Agreement—This agreement between VGHA and the SFHA is expected to provide for VGHA to receive up to 95% of the operating subsidy the SFHA receives from HUD for operation of the public housing ACC units in the project. It also would provide various reserves required by HUD to operate the project. If HUD reduces or eliminates its ACC subsidy to SFHA, this document allows for "transformation remedies" to address the resulting funding gap that will be consistent with HUD public housing requirements and reviewed by the SFHA prior to implementation. These remedies may include a development cost cutting plan, increasing the income and rental level of new public housing eligible tenants as vacant units are leased, and providing Section 8 and otherwise encourage lower-income tenants to vacate the development in favor of higher income public housing eligible tenants.

8. Affordability Reserve Escrow Agreement—This document provides for VGHA to fund, from non-SFHA sources, a reserve which will supplement operating revenues in the event of a reduction or elimination of the ACC operating subsidy. This reserve is the property of the SFHA for use in this development.

9. Management Agreement—This document between VGHA and its property management agent will set out the contractual terms for the management of the residential portion of the project.

10. Management Plan—This document between the SFHA, VGHA, and the property management company will set out the tenant selection criteria, screening process and lease-up procedures to be utilized in filling vacancies at the project, both initially and over time. Relocated Valencia Gardens pubic housing residents who are in good standing have first right to return to the new housing. The Plan applies to public housing ACC units, Section 8 units and tax credit units that are not subsidized by either one of those programs.

11. HOPE VI Construction/Permanent Loan—By this document, the SFHA will provide a loan to VGHA a loan of HOPE VI funds to assist in the construction of the residential portion of the project. The term of the loan is 55 years. Interest will accrue during the term of the agreement. The principal and outstanding interest are due and payable to the SFHA upon expiration of the loan term. The SFHA's predevelopment loan to the developer is part of this loan and is deemed previously disbursed.

12. HOPE VI Loan Promissory Note—This document evidences the SFHA's loan to VGHA for construction of the project. The note would be nonrecourse to VGHA. It is supported by a completion guaranty by the developer.

13. Subordination Agreements—The SFHA is expected to execute several subordination agreements as part of this transaction to subordinate its HOPE Loan to the private lender (s), its option to the other lenders, and one to subordinate the Reciprocal Easement Declaration to the Declaration of Trust. The land would not be subordinated to any loans.

14. Deed of Trust Assignment of Rents & Security Agreement—This document will be executed by VGHA for the benefit of the SFHA and will be recorded against VGHA's leasehold interest in the project as security for the HOPE VI Loan.

AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING
AND EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT
(Valencia Gardens - HOPE VI Project)

This Amended and Restated Memorandum of Understanding and Exclusive Negotiating Rights Agreement, initially executed as a Memorandum of Understanding ("MOU") as of November 14, 2000, as previously amended by the First Amendment to the MOU dated July 11, 2002, and as hereby further amended and fully restated as of March __, 2003, is entered into by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic, and its successors and assigns (the "Authority" or "SFHA") and Mission Housing Development Corporation, a California nonprofit public benefit corporation, and its successors and assigns (the "Developer") (individually, the "Party" and collectively, the "Parties"), on the basis of the following purposes, intentions and facts:

## RECITALS

A. The Authority is a public housing authority formed pursuant to California Health and Safety Code 34200 et seq. and governed by certain regulations promulgated by the United States Department of Housing and Urban Development ("HUD"). The Authority's governing board is appointed by the Mayor of the City and County of San Francisco (the "City").

B. The Authority is the owner of that certain public housing development which consists of two hundred forty-six (246) apartment units, located in the Mission District at 15th and Valencia Streets in San Francisco, California, as more particularly described in the attached Exhibit A (the "Property" or "Valencia Gardens").

C. The Authority desires to improve the Property and the living conditions for the residents living at the Property and the surrounding area. On May 28, 1997, the Authority issued a Request for Proposals ("RFP") requesting proposal from qualified developers to assist the Authority in the revitalization of Valencia Gardens and an adjacent project site. The Authority received a total of one proposal from an interested developer in response to the RFP, which was the Developer's proposal.

D. The Developer, a 501(c)(3) nonprofit California corporation with a charitable purpose that includes development of affordable housing in the Mission District, was selected as the most responsive developer to assist the Authority in the development of the Project (as defined below), and the Authority's Acting Executive Director was authorized to enter into negotiations with the Developer to set forth the terms and conditions of the Developer's participation in the Project.

E. The Authority submitted an application on July 17, 1997 to HUD to receive funding for the Project under the HUD HOPE VI Program (the "Application"), which included a detailed description of the project, specifically the renovations and on-site services to be provided to the Property. The Application was approved by HUD on October 10, 1997 and the

Authority received a HOPE VI Grant Award for Twenty Three Million Two Hundred Thirty Thousand and Six Hundred and Forty One Dollars ($23,230,641) (the "HOPE VI Grant"). The approval of the HOPE VI Grant is evidenced by the HOPE VI Grant Agreement dated December 1998 (the "HOPE VI Agreement") between the Authority and HUD. The Developer and various community and Valencia Gardens residents participated in preparing the Application. The provisions of the Application and the HOPE VI Agreement are expressly incorporated in this Agreement and made a part of the Agreement by this reference. To the extent that there are conflicts between the Agreement, the Application, and the HOPE VI Agreement including the description of the project, the provisions of this Agreement shall prevail.

F. The project ("the Project") may consist of collectively, (i) the demolition of the existing two hundred forty-six (246) apartment units at the Property, (ii) the new construction of between two hundred sixty-five (265) and two hundred ninety (290) apartment units, and up to eleven thousand (11,000) square feet of community facilities, childcare center, computer learning center and property management offices. Approximately eighty percent (80%) of the newly constructed apartment units will be PHA replacement units with Annual Contributions Contract ("ACC") or Section 8 project-based subsidies and approximately twenty percent (20%) of such units will be low-income housing tax credit units for households with incomes at or below sixty percent (60%) of the area median income, as adjusted for household size.

G. The Parties recognize and acknowledge that a full determination of the feasibility of the Project, in accordance with the HOPE VI Grant requirements, has not occurred and that further analysis of the feasibility of the Project, subject to such requirements, is required given the proposed funding sources for the Project, the partnership structure, the federal and state environmental requirements and other governmental approval requirements.

H. The purposes of this Agreement are (i) to permit both Parties to fully determine the feasibility of the proposed Project in light of the foregoing, (ii) to commence the environmental review processes, and (iii) to set forth in this Agreement the Parties understanding of the major terms and conditions to be included in the Disposition and Development Agreement ("DDA") between the Authority and the limited partnership to be formed in which the Developer will be the managing general partner (the "Limited Partnership"), providing for the conveyance of the leasehold interest in the Property and the fee interest of any improvements thereon (the "Project Property") to the Limited Partnership and the Limited Partnership's development of the Property.

NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

## ARTICLE 1.
## EXCLUSIVE NEGOTIATIONS RIGHT

Section 1.1 Recitals. The above Recitals are hereby expressly incorporated herein and made a part of this Agreement.

Section 1.2 Good Faith Negotiations. During the Negotiating Period described in Section 1.3, the Authority and the Developer shall diligently and in good faith negotiate the terms of a DDA for the development of the Project on the Property. During the Negotiating Period, the Parties shall use good faith efforts to accomplish the respective tasks outlined in this Agreement to facilitate the negotiation of a mutually satisfactory DDA

Section 1.3 Negotiating Period. The negotiating period under this Agreement (the "Negotiating Period") shall be for the Term (as defined in Section 6.2 below).

Section 1.4 Exclusive Negotiations. During the Negotiation Period, the Authority shall not negotiate with any entity, other than the Developer, regarding the development of the Property or any portion thereof, or solicit or entertain bids or proposals to do so.

## ARTICLE 2.
## PROJECT THRESHOLDS

Section 2.1 Conditions Precedent. Prior to the end of the Term (as defined below), the following conditions precedent indicated in this Article 2 must be satisfied by the indicated Party, or such conditions precedent must be expressly waived by the Party which would be adversely affected by the failure of the satisfaction of such conditions precedent. Upon the failure of the condition to be satisfied or waived within the time frame set forth herein, the Agreement shall be terminated in accordance with Section 2.8 hereof.

**Section 2.2** Financial Feasibility. Prior to the execution of the Agreement, the Developer presented a Valencia Gardens Revitalization Plan, which included the preliminary financial feasibility of the Project, and which was approved by the Authority in December 2001, Financial feasibility shall be determined in accordance with Section 3.4 and Section 3.4 of the Predevelopment Loan Agreement dated November 14, 2000 between the Authority and the Developer.

Section 2.3 Governmental Approvals. The Parties shall diligently pursue and obtain if required within the Term, any governmental approvals required for this Project. The Parties acknowledge and agree that all of the governmental approvals will not be obtained by the end of the Term; and that in connections with such governmental approvals, the Parties agree that they shall make a good faith effort to obtain governmental approvals such that the Project will be constructed by the time as set forth in the development schedule.

Notwithstanding the above, the Parties acknowledge and agree that prior to the disbursement of any proceeds from the HOPE VI Grant, the Authority shall have complied with

the applicable provisions under the California Environmental Quality Act, as amended ("CEQA") and the National Environmental Protection Act, as amended ("NEPA"), and shall have received any required HUD clearances. HUD may, at its sole discretion, approve certain predevelopment activities to be funded from the proceeds of the HOPE VI Grant, prior to complying with certain NEPA requirements.

Section 2.4 Feasibility Scenarios. Developer hereby agrees that it will explore and pursue the following alternatives in connection with determining if the Project is feasible:

(a) Constructing between two hundred and sixty-five (265) and two hundred ninety (290) replacement and other units and other program areas on the Valencia Gardens Site;

Section 2.5 Contractor Selection. The contractor selection process will begin upon approval of the Contractor Selection Plan by the Authority, in accordance with, Exhibit B-3 of the Predevelopment Loan Agreement. The Developer selected the contractor, Nibbi Brothers, in August 2002, pursuant to the foregoing.

Section 2.6 Predevelopment Loan Documents. Concurrent with the execution of the MOU, the Parties entered into the Predevelopment Loan Documents (as defined below). The Parties agree and acknowledge, that in addition to the requirements set forth in this Agreement, the Developer shall satisfy the conditions, including the delivery of all required work products to the Authority, as set forth in the Predevelopment Loan Documents. The terms of the Predevelopment Loan Documents shall prevail to the extent that there is a conflict between the Predevelopment Loan Documents and this Agreement.

Section 2.7 Formation of Limited Partnership. The Parties shall form the limited partnership consistent with the partnership structure as set forth in Article 3 below.

Section 2.8 Failure of Conditions. Upon failure to satisfy any of the conditions by the times set forth in this Article 2, either Party may provide written notice terminating this Agreement, subject to the conditions set forth below.

Upon delivery and receipt of such written notice:

(a) The Authority shall have no further obligation under this Agreement.

(b) The Developer shall take any action necessary to implement the assignment of documents (including the assignment of any work product) and approvals and the Authority shall forgive the Predevelopment Loan, pursuant to the terms of the Predevelopment Loan Documents; thereafter the Developer shall have no further obligation under this Agreement.

## ARTICLE 3.
## PARTNERSHIP STRUCTURE

Section 3.1 Partnership Structure. Provided the conditions precedent set forth in Article 2 above are satisfied by the end of the Term, or such conditions have been expressly waived in writing by the affected Party, the Parties hereby agree to the following partnership structure in connection with the development of the Project.

Section 3.2 The Project. On the date set forth in the construction schedule, the Authority will lease the Property, including the conveyance of the improvements thereon, to a limited partnership, as described below.

(a) The Developer shall form a limited partnership, to assume its obligations under this Agreement. Such limited partnership shall be formed prior to the conveyance of any interest in the Property.

(b) The Developer will be the initial general partner of such limited partnership until such time as the Developer has formed an Affiliate (as defined below), and such Affiliate has obtained a federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code; upon which the Affiliate will replace the Developer as the general partner in the limited partnership. The Authority will establish a separate affiliate to serve as co-general partner in the partnership.

(c) The Developer shall form an affiliate corporation (the "Affiliate"), with a five-member board of directors, in which at least two members are appointed by the Authority. Ultimately, the Parties intend that the Affiliate will be general partner of the limited partnership, with the low-income house tax credit investor as the limited partner.

The limited partnership as described above shall hereafter be referred to as the "Limited Partnership."

Section 3.3 Responsibility of the Parties. During construction, the Parties will have the following responsibilities:

(a) The Authority and the Developer will enter into a Preconstruction Services Agreement (the "PSA"), in which the Developer will prepare, on behalf of the Authority, the Property for construction. The Authority will be responsible for all issues related to the existing tenants, including relocation. In accordance with the PSA, the Developer will (1) conduct any required investigation related to the conditions of the existing improvements and soil and (2) remediate any hazardous materials on the Property .

(b) The Limited Partnership (in which the Developer is the general partner) will be responsible for developing and constructing the Project.

(c) As set forth in Article 4 below, the Authority will be responsible for monitoring the Developer's progress in renting the units within the Project to relocated Valencia

Gardens residents in accordance with the Valencia Gardens Management Plan which will have been approved by the Authority and HUD and developed in partnership with the current Valencia Gardens residents.

## ARTICLE 4.
## MANAGEMENT OF THE PROJECT

Section 4.1 Management of the Project.

(a) The Authority shall continue to manage the Property during the Term of this Agreement and prior to the conveyance of the Property as set forth in the DDA.

(b) Notwithstanding the above, the Parties agree that the Developer shall be responsible for all property management of the Project, subject to any labor union requirements which the Authority is required to impose on the Project. The Developer shall retain the right to contract with a third party for property management services, subject to the approval of the Authority, which shall not be unreasonably withheld. The management plan for the Project during this time period shall be approved by the Authority and HUD. Concurrent with the withdrawal of the Developer as the sole general partner in Limited Partnership as discussed above, the Developer shall transfer all property management responsibilities to the Affiliate. The Parties acknowledge that the Authority is still in the process of determining the extent of the requirements applicable to the Project. The Authority shall provide to the Developer prior to the end of the Term, the actual labor union requirements applicable to the Project.

(c) As set forth above, the Authority shall be responsible for monitoring the Developer's management of the Project to ensure that any displaced Valencia Garden residents are given the opportunity to return to the units upon completion of the Project. The return of such tenants shall be done in a manner consistent with the Valencia Gardens Management Plan approved by the Authority and HUD. Failure of the Developer to meet this obligation shall be a material breach and shall trigger a right to replace the property manager for the Project.

## ARTICLE 5.
## PREDEVELOPMENT LOAN

Section 5.1 Predevelopment Agreements. Upon the execution of the MOU, the Authority made a predevelopment loan to the Developer in the amount of Three Million Fifty Two Thousand Forty Six Dollars ($3,052,046) (the "Predevelopment Loan") to enable the Developer to undertake certain predevelopment activities related to the Property. The Predevelopment Loan shall be disbursed in two components: One Million Four Hundred Sixty Eight Thousand Dollars ($1,402,326) will be disbursed to the Developer during the pre DDA feasibility period and the predevelopment period as contemplated by this Agreement and Section 5.2 of the Predevelopment Loan Agreement. The remainder of the Predevelopment Loan shall be disbursed in accordance with the disbursement requirements set forth in the Predevelopment

Loan Agreement. The Predevelopment Loan will be evidenced by certain Agreements, including but not limited to a loan Agreement and assignment Agreement, to be executed concurrently herewith (collectively the "Predevelopment Loan Documents"). The portion of the Predevelopment Loan disbursed during the Term shall be forgiven, subject to the terms of the Predevelopment Loan Documents, if this Agreement is terminated pursuant to Section 2.8 hereof.

## ARTICLE 6.
## NEGOTIATION OF DDA

Section 6.1 Good Faith. The Parties agree to negotiate in good faith the terms and conditions of a DDA which provides for the lease of the Property and the conveyance in fee of the improvements thereon to the Limited Partnership for the construction and development of the Project. The Parties shall commenced negotiating the terms of the DDA in May 2002 and shall continue such negotiations during the Term of this Agreement.

Section 6.2 Term. The term ("Term") of this Agreement shall commence on the date that this Agreement is approved by HUD, and shall expire at 5:00 p.m. Pacific Time on July 1, 2003 ("Termination Date"); provided, however, that the Termination Date may be extended for an additional sixty (60) days by mutual agreement between the Parties. The commencement date shall be attached to this Agreement as Exhibit B.

Section 6.3 Termination of Related Agreements. If on July 1, 2003, the Authority and the Limited Partnership have not executed a DDA for the Property to be leased and the conveyance of the improvements thereon to the Limited Partnership, as set forth in the Predevelopment Loan Agreement, the Authority shall terminate any agreements with the Developer related to the Property or the Project, including the Predevelopment Loan Documents.The Authority and the Developer, subject to Section 2.8 (b), shall be released from all obligations and liabilities arising from such agreements.

Section 6.4 Terms of the DDA. The DDA shall provide, at a minimum, for the following general terms and conditions of lease of the Property:

(a) Lease Amount. The Limited Partnership shall pay an amount to be determined for the lease of the Property. The Parties based on the approved financial plan shall agree upon the lease amount, which will be set forth in the DDA and ground lease.

(b) Construction Schedule. The Parties shall mutually agree upon a construction schedule for the Project, which shall be attached as an exhibit to the DDA.

(c) Improvements. The Limited Partnership shall construct between two hundred and sixty five (265) and two hundred and ninety (290) new apartment units in the approved configuration of units and other program areas approved by the Authority.

(d) Title. The Authority will convey to the Limited Partnership good and marketable title to the Project Property, subject only to the exceptions which have been accepted by the Limited Partnership as part of the DDA.

(e) Site Plan; Construction Drawings. As a condition of the conveyance of the Project Property to the Limited Partnership by the Authority, the Developer or the Limited Partnership will submit preliminary and final site plans, and final construction plans for Project for its approval, which approval shall be given or withheld in accordance with standards negotiated by the parties and set forth in the Predevelopment Loan Agreement.

(f) Closing. Provided the Limited Partnership has obtained all required governmental approvals, and has satisfied all conditions precedent of the construction lenders and the tax credit investor to the Project, Escrow shall close for the conveyance of the Project Property within thirty (30) days after the Property has been prepared for construction, as set forth in Article 3 hereof.

(g) Condition of Property. The leasehold interest in the Property will be conveyed to the Limited Partnership in the condition as set forth in Article 3 above.

(h) Entitlements. As a condition of conveyance of the Property to the Limited Partnership by the Authority, the Developer, the Limited Partnership or the Authority (as applicable) shall have received all required governmental approvals and permits or other approvals for the project related to land use, zoning or construction, to commence construction from HUD, the Authority, the City, based upon the Developer's or the Limited Partnership's development plans, construction plans and specifications. The Authority or the Developer, as applicable, shall provide reasonable assistance to the applicable party to facilitate the receipt of any entitlements, approvals and permits necessary for the construction of the Project.

(i) Community and Supportive Services Plan. The DDA shall provide for the development and implementation of the Community and Supportive Services Plan (the "CSS Plan"), and shall include the participation of any required community or tenant organizations or persons. The Authority shall be responsible for the CSS Plan.

(j) Relocation. The Authority shall be responsible for relocating the existing tenants pursuant to the requirements of the state and federal relocation laws.

(k) Option. Following the close of the low income housing tax credit compliance period and subject to the approval of the investors, the Authority shall have an option to acquire the entire fee interest in the Project, pursuant to the terms set forth in the DDA. In addition the Authority shall have a right of first refusal with respect to the transfer of the Project to third parties.

## ARTICLE 7.
## GENERAL PROVISIONS

Section 7.1 Agreement to Meet and Confer. Notwithstanding any provisions of the Agreement, if the Developer or the Authority, discovers a problem or issue which will make this Project infeasible, the Developer or the Authority shall immediately notify the other Party in writing regarding the matter. Upon receipt of such notice, the Parties will meet and confer within ten (10) days of the receipt of the notice, with the intent of resolving the matter. If the Parties are unable to resolve the matter within a reasonable time, then either Party may terminate this Agreement in accordance with Section 2.8 hereof.

Section 7.2 Limitation on Effect of Agreement. This Agreement shall not obligate the Authority and the Developer (or the Limited Partnership) to enter into a DDA. The execution of this Agreement indicates an intent of the Parties to negotiate in good faith towards the execution of a DDA or similar agreement between the Parties to lease the Property to the Developer, or the Developer's successor in interest, the Limited Partnership, to construct the Project. Upon termination of this Agreement, no Party shall have any rights, legal or equitable, against the other Party, except for the requirements as provided in Section 2.8 hereof.

Section 7.3 Assignment. The Developer's rights under this Agreement shall not be assigned without the Authority's written consent, and any assignment which is in violation of this section shall be void.

Section 7.4 Notices. Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested, or sent by express delivery, or overnight courier service, with a delivery receipt, to the office of the Parties shown as follows, or such other address as the Parties may designate in writing from time to time:

| | |
|---|---|
| Authority: | San Francisco Housing Authority<br>1815 Egbert Street<br>San Francisco, CA 94124<br>Attn. Barbara Smith |
| With a copy to: | Office of General Counsel<br>San Francisco Housing Authority<br>440 Turk Street<br>San Francisco, CA 94102 |
| Developer: | Mission Housing Development Corporation<br>474 Valencia Street, Suite 280<br>San Francisco, CA 94110<br>Attn: Carlos Romero |

Such written notices, demands, and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date the notice was returned as undeliverable.

Section 7.5 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Authority shall be personally liable to the Developer in the event of any default or breach of this Agreement by the Authority, or for any amount which may become due to the Developer or any of its successors in interest.

Section 7.6 Authority. The undersigned hereby represent and warrant that they are authorized by the Parties to execute this Agreement.

Section 7.7 Attorneys' Fees. The prevailing Party in any action to enforce this Agreement shall be entitled to recover attorneys' fees and costs from the other Party.

Section 7.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 7.9 Entire Agreement. This Agreement constitutes the entire agreement of the Authority and the Developer regarding the Property.

Section 7.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement.

AS OF THE DATE FIRST WRITTEN ABOVE, the Parties evidence their agreement to the terms of this Agreement by signing below:

AUTHORITY:

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

By: _____
Gregg Fortner, Executive Director

APPROVE AS TO FORM AND LEGALITY

By: _____
Donna Martin, Managing Attorney

DEVELOPER:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

EXHIBIT A

[PROPERTY DESCRIPTION]

EXHIBIT B

COMMENCEMENT DATE OF THIS AGREEMENT

[TO BE ATTACHED]

C

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

**DATE:** March 7, 2003

**TO:** SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*George Woodruff, Commissioner*

**FROM:** Gregg Fortner, Secretary/Executive Director

**SUBJECT:** **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT AN APPLICATION IN PARTNERSHIP WITH MISSION HOUSING DEVELOPMENT CORPORATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE MULTIFAMILY HOUSING PROGRAM FUNDING FOR VALENCIA GARDENS IN AN AMOUNT NOT TO EXCEED $7,000,000**

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## OVERVIEW

This resolution authorizes the Executive Director to submit an application to the State Department of Housing and Community Development for up to $7,000,000 in Multifamily Housing Program (MHP) funds in partnership with Mission Housing Development Corporation (MHDC) for revitalization of Valencia Gardens. The application will be submitted on behalf of the Valencia Gardens Affordable Housing, LLP (the "Limited Partnership") that will comprise an affiliate of MHDC, an affiliate of the SFHA, and a limited partner tax credit investor.

## OBJECTIVE

The Executive Director will be authorized to submit the application for $7 M of State MHP funds, in partnership with Mission Housing Development Corporation, by the March 18, 2003 application deadline.

**PRESENT SITUATION**

On January 16, 2003, the California Department of Housing and Community Development ("HCD") announced the availability of approximately $95 M in funding for the Multifamily Housing Program ("MHP"). Approximately $70 M of these funds are available as permanent financing for affordable multifamily rental and transitional housing developments. Applications for this funding are due in HCD's office in Sacramento by 5:00 PM on March 18, 2003.

MHP provides low-interest loans to developers of affordable housing, including new construction. Eligible project sponsors include public agencies and not-for-profit organizations, provided their principals have successfully developed at least one affordable housing project. Both the SFHA, as developer of Robert B. Pitts and Bernal Dwellings, and MHDC as developer of hundreds of units of affordable housing, qualify as eligible project sponsors. Applicants or sponsors must have site control or an executed MOU or exclusive negotiating rights agreement. As proposed, the loan will be made to the Limited Partnership that will be comprised of an affiliate of MHDC, an affiliate of the SFHA and a limited partner tax credit investor.

HCD expects MHP funds to be leveraged with other resources, including local government funds, federal funds, 4 percent low-income housing tax credits, tax-exempt bond financing and private debt financing. These are the funding sources, including federal HOPE VI funds, which are being proposed for Valencia Gardens.

**ANTICIPATED OUTCOME**

MHDC, in partnership with the SFHA, will apply for and receive up to $7 M in MHP funds from HCD. MHDC, on behalf of the partnership will then apply for the other financing commitments identified in the Valencia Gardens Sources and Uses summary.

**WHO BENEFITS**

The Valencia Gardens residents, the surrounding Mission District community and the SFHA will benefit from authorization to apply for this funding that is a component of the overall proposed financing.

**BUDGET CONSIDERATIONS**

The total development cost of Valencia Gardens is expected to be approximately $63.4 M. Approval of the MHP application will provide MHDC and the SFHA up to $7 M for revitalization of Valencia Gardens. This funding commitment, along with commitments for the other proposed development financing ($20.5 M tax credit limited partner equity, $18.1 M HOPE VI, $9.6 M private mortgage financing, $4.97 M local funds; $1 M CHFA deferred loan, $1.2 M general partner equity) will enable closing to take place and construction to begin.

**RECOMMENDATIONS**

Staff recommends the adoption of the Resolution.

RESOLUTION NO. _____

DATE ADOPTED:_____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT AN APPLICATION IN PARTNERSHIP WITH MISSION HOUSING DEVELOPMENT CORPORATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE MULTIFAMILY HOUSING PROGRAM FUNDING FOR VALENCIA GARDENS IN AN AMOUNT NOT TO EXCEED $7,000,000

WHEREAS, the State of California, Department of Housing and Community Development (the "Department") has issued a Notice of Funding Availability under its Multifamily Housing Program ("MHP") dated January 16, 2003 ("NOFA");

WHEREAS, the San Francisco Housing Authority ("Authority") is authorized to do business in the State of California and it is in the best interests of the Authority to establish an affiliate to act as the co-General Partner with an affiliate of Mission Housing Development Corporation ("MHDC") for the Valencia Gardens Affordable Housing Partnership, LLP that will be a California limited partnership (the "Limited Partnership");

WHEREAS, the Authority wishes to obtain from the Department a MHP loan for the Valencia Gardens rental housing development in partnership with MHDC; and

WHEREAS, the Limited Partnership is an Eligible Sponsor under the Multifamily Housing Program.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT: That the Authority is hereby authorized to form an affiliate to act as the co-General Partner, with the to be formed affiliate co-General Partner of MHDC, of the Limited Partnership and the Authority is authorized to submit an application on behalf of the Limited Partnership for a MHP loan to the Limited Partnership pursuant to the NOFA in an amount not to exceed $7,000,000 (the "MHP Loan") for use in the City and County of San Francisco.

RESOLVED FURTHER: if the application is approved, the Authority in partnership with Mission Housing Development Corporation is hereby authorized to incur an obligation for the MHP Loan on behalf of the Limited Partnership. That in connection with the Limited Partnership's MHP Loan, the Authority is authorized and directed to enter into, execute, and deliver, as the co-General Partner of the Limited Partnership, a State of California Standard Agreement, and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the MHP Loan, the Limited Partnership's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain

other documents required by the Department as security for, evidence of or pertaining to the MHP Loan, and all amendments thereto (collectively, the "MHP Loan Documents") subject to HUD's approval.

RESOLVED FURTHER: The Authority is further authorized on behalf of the Limited Partnership to request amendments, including increases in amounts up to amounts approved by the Department, and to execute any and all documents required by the Department to govern and secure these amendments.

RESOLVED FURTHER: That the Executive Director or his designee is hereby authorized to execute an application for a MHP Loan, the MHP Loan Documents, and any amendment or modifications thereto, on behalf of the Authority as the co-General Partner of the Limited Partnership.

RESOLVED FURTHER: That this Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin

DONNA MARTIN, Managing Attorney

Date 3-07-03

REVIEWED BY:

GREGG FORTNER, Executive Director

Date 3/7/2003

Passed and adopted, effective as of _____, 2003, by the consent of the Board of Commissioners of the Authority by the following vote:

AYES:_____ NAYS:_____ ABSTAIN:_____ ABSENT:_____

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of the San Francisco Housing Authority does hereby attest and certify that the attached Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said Authority which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

_____ _____

Secretary's Signature Date

_____

Type or Print Secretary's Name

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

# NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, MARCH 27, 2003 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

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## AGENDA
**March 27, 2003**

1. ROLL CALL

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Rev. George Woodruff, Commissioner*

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2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

- March 13, 2003 Regular Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

Diversity Committee – Nothing to Report
Finance Committee – Nothing to Report
Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:

City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - None

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE CONTINUED FUNDING OF THE EXISTING CONTRACT WITH HOFFMAN INSURANCE SERVICES FOR GROUP LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE WHICH IS PROVIDED BY AMERICAN GENERAL FINANCIAL GROUP FOR THE NEXT TWELVE MONTHS WITH AN OPTION PENDING HUD APPROVAL FOR A SUBSEQUENT TWELVE MONTHS, IN AMOUNTS NOT TO EXCEED $77,000 EACH TWELVE MONTH PERIOD

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. CLOSED SESSION

A Closed session is scheduled with the Executive Director and Agency Counsel under Government Code Section §54956.9 (b)(1) to discuss pending legal matters.

15. RECONVENING OF COMMISSION MEETING

16. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

# SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CA 94102 • PHONE (415) 554-1260 • FAX (415) 554-1268

**Date:** March 17, 2003

**To:** San Francisco Housing Authority Commissioners

Sululagi Palega, Sr., President
Julie Lee, Vice President
Neola Gans, Commissioner
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew Clark, Commissioner
Rev. George Woodruff, Commissioner

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**From:** Gregg Fortner, Executive Director

**Subject:** **RESOLUTION AUTHORIZING THE CONTINUED FUNDING OF THE EXISTING CONTRACT FOR EMPLOYEE GROUP LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE**

## OVERVIEW

Under the provisions of numerous Memoranda of Understanding (MOU), the Authority is required to maintain an employer-paid group life insurance plan for non-craft employees. The cost of providing such coverage is periodically evaluated and if warranted, put out to competitive bid as it was in late 2001. That process resulted in a change of insurance carriers effective January 1, 2002 and a reduction in the Authority's life insurance premiums. The initial resolution adopted December 13, 2001, inadvertently provided funding only for a partial time period for what is an ongoing activity. This resolution authorizes the continued funding within relevant HUD regulations.

## OBJECTIVES & ANTICIPATED OUTCOME

To provide continued funding over the next 24 months for contractually required life insurance coverage for a substantial number of Authority employees.

## WHO BENEFITS

The Authority benefits by complying with the provisions of its various union MOUs requiring this coverage. Covered employees benefit by having relatively no cost life insurance coverage through the group plan.

## BUDGET CONSIDERATIONS

The anticipated costs for the remainder of this fiscal year are in the Low Income Operations, Section 8, HOPE VI and Capital Fund budgets. The costs for fiscal year 2004 will be included in the upcoming budgets.

## RESIDENT EMPLOYMENT

No Impact

## MBE/WBE STATUS

No Impact

## RECOMMENDATION

Adopt resolution authorizing the continued funding of the existing contract with Hoffman Insurance Services for group life and accidental death and dismemberment insurance which is provided by American General Financial group for the next twelve months with an option pending HUD approval for a subsequent twelve months, in amounts not to exceed $77,000 each twelve month period.

Attachments

(Prepared by Paul Howard)

**RESOLUTION NO.:** 5090

**DATE ADOPTED:** 3/27/03

**RESOLUTION AUTHORIZING THE CONTINUED FUNDING OF THE EXISTING CONTRACT WITH HOFFMAN INSURANCE SERVICES FOR GROUP LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE WHICH IS PROVIDED BY AMERICAN GENERAL FINANCIAL GROUP FOR THE NEXT TWELVE MONTHS WITH AN OPTION PENDING HUD APPROVAL FOR A SUBSEQUENT TWELVE MONTHS, IN AMOUNTS NOT TO EXCEED $77,000 EACH TWELVE MONTH PERIOD.**

**WHEREAS,** the San Francisco Housing Authority (Authority) maintains a Group Life and Accidental Death and Dismemberment Insurance policy as part of its benefits package provided for in various collective bargaining agreements; **and**

**WHEREAS,** the Authority Board of Commissioners through Resolution number 5008 dated 12/13/01, authorized the Executive Director to enter into an agreement for said insurance policy and its initial funding of $85,361.16; **and**

**WHEREAS,** funding is available through the various budgets;

**NOW, THEREFORE, BE IT RESOLVED THAT,** the Authority Board of Commissioners authorizes the Executive Director or designee, to continue funding of the Group Life and Accidental Death and Dismemberment Insurance policy for the twelve months following the adoption date of this resolution, with the option, pending HUD approval to fund a subsequent twelve month period in amounts not to exceed $77,000 for each twelve month period.

**APPROVED AS TO FORM AND LEGALITY:**

Donna Martin

**Donna Martin, General Counsel**

**REVIEWED BY:**

Gregg Fortner

**Gregg Fortner, Executive Director**

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200


# NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, APRIL 10, 2003 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

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## AGENDA
**April 10, 2003**

1. ROLL CALL

   *Sululagi Palega, Sr., President*
   *Julie Lee, Vice President*
   *George R. Brown, Commissioner*
   *Betty J. Smith, Commissioner*
   *Andrew J. Clark, Commissioner*
   *Neola Gans, Commissioner*
   *Rev. George Woodruff, Commissioner*


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2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - March 27, 2003 Regular Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Report on April 9, 2002 Meeting
   Finance Committee – Will hold a meeting on April 22, 2003, 4:00p.m.
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:

City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - None

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ASBESTOS MANAGEMENT GROUP, INC. TO CONDUCT LEAD HAZARD REMEDIATION AT CAL 1-8, WESTSIDE COURTS, IN AN AMOUNT NOT TO EXCEED $72,800.00

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. CLOSED SESSION

A Closed session is scheduled with the Executive Director and Agency Counsel under Government Code Section §54956.9 (b)(1) to discuss pending legal matters.

15. RECONVENING OF COMMISSION MEETING

16. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Fra ncisco CA • 94112 • (415) 554-1200

DATE: March 31, 2003

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Rev. George Woodruff, Commissioner*

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ASBESTOS MANAGEMENT GROUP, INC. TO CONDUCT LEAD HAZARD REMEDIATION AT CAL 1-8, WESTSIDE COURTS, IN AN AMOUNT NOT TO EXCEED $72,800.00.**

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**OVERVIEW**

This Resolution will authorize the Executive Director to enter into a contract for Lead Hazard Remediation at CAL 1-8, Westside Courts Family Development. Pre-approval of the solicitation package was obtained from Authority management prior to publicly issuing Solicitation No: 02-620-IFB-055A.

HUD requires the Authority to implement interim lead based paint (LBP) hazard controls to stabilize deteriorated LBP on exterior wood window frames/sills. The work includes LBP stabilization and painting of each exterior wood window frame and sill at all one hundred and thirty six (136) individual housing units, management offices, storage rooms and common areas at Westside Courts. This contract is the mechanism by which the Authority engages the services of a lead certified contractor to complete the lead hazard remediation work.

Approval to award the contract was obtained from TARC.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

**Past Bidders List, Contractors Blue Book & Yellow Pages**: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to twenty eight (28) individual contractors (4 of which are MBE/WBE) from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

**HRC**: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to one (1) MBE/WBE contractor listed by the San Francisco Human Rights Commission. Note: Only one contractor was listed at the time.

**Labor Unions:** The Authority mailed its Invitation for Bids Documents, Plans & Specifications to Stan Warren at the San Francisco Buildings Trade Council.

**Newspapers**: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:

- Daily Pacific Builder, (trade publication)
- San Francisco Bay View, (African American community)
- Sing Tao Daily, (Asian American Community)

**Additional Newspapers**: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

**Public Agency Websites**: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

**Builders Exchanges**: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- Dodge Scan/Daily Pacific Builder,

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Building Exchange of Stockton,
- Construction Data Plan Room,
- Solano-Napa Builders Exchange,
- Construction Market Data
- Sierra Contractors Exchange

The Housing Development & Modernization (HD&M) developed the Invitation for Bid Documents, Plans & Specifications. These were reviewed and approved by Procurement & Contracts (P&C). Eight (8) potential bidders (2 of which are MBE/WBE) requested the Invitation for Bid Documents, Plans & Specifications that were issued by HD&M.

The on-site bid walk was conducted by HD&M on December 16, 2002; five contractors attended (2 MBE/WBE) along with the Consultant, Manual Luna from Harding ESE and Authority staff Industrial Hygienist, Richard McGuire.

**BIDDER SELECTION PROCESS**

The closing date for the solicitation was January 10, 2003 and the Authority received responsive and responsible bids from three (3) contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&M and forwarded to P&C for approval and submission to TARC. The contractors' bids are as follows:

**BID PROPOSALS:**

| Bidder | Bid Proposal | MBE/ WBE | 25% Resident Hiring | Sub Contractors | MBE/ WBE | MBE/WBE Sub Contractor % Of Total Job | Total MBE/WBE |
|---|---|---|---|---|---|---|---|
| Asbestos Management Group, Inc. | $72,800 | No | Yes | 1) Analytical Lab of SF<br>2) North Tower Environmental | Yes<br>Yes | 5%<br>15% | 20% |
| Quality Asbestos Control | $128,849 | Yes | Yes | Rhapsody Environmental & Painting Services, Inc. | Yes | 20% | 100% |
| Cal Inc. | $129,419 | Yes | Yes | None | N/A | 0% | 100% |

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive and responsible bidder. Based on the above, the lowest, responsive and responsible bidder is Asbestos Management Group, Inc. (AMG). They are utilizing two MBE subcontractors and are pursuing a goal of 30% resident hiring. Upon request, AMG reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by AMG, the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that AMG is not debarred from Federal Procurement and Non-Procurement work.

**OBJECTIVES**

The objective of the Resolution is to authorize the Executive Director to enter into a contract to conduct lead hazard abatement at CAL 1-8, Westside Courts to protect the health and safety of resident children. The scope of work can be summarized as follows:

1. Prepare schedule and conduct tenant notification (48 hours & 24 hours)
2. Pre-clean and prepare each window frame/sill outside each apartment unit for surface preparation, and painting.
3. Remove deteriorated LBP from windowsills & frames and clean lead-containing dust, debris from windowsill, window frames, and windows.
4. Prepare surface for painting and spot prime bare wood or substrate.
5. Conduct final cleaning and decontamination. Obtain visual clearance from Owner's Consultant
6. Prime coat entire exterior window frame & sill with water-based primer.
7. Final coat exterior window sill and jambs with semi-gloss enamel
8. Remove all plastic sheeting and drop cloths and notify Owner's Consultant when work is complete for clearance testing.

**PRESENT SITUATION**

Westside Courts Development is a three–story, 136 unit Family Development; built in 1943. These units contain lead based paint (LBP) on various components, primarily on wood components like doors, door frames and window frames.

The revised HUD regulations (issued as a final rule on September 15, 1999) 24 CFR 35, et al. established the requirements for notification, evaluation and reduction of LBP hazards in Public Housing. These regulations state in 24 CFR 35.1355(b) that if a public housing family development still contains units with LBP, the development must be assessed for the presence of lead hazards every three years. Any lead hazards identified must be abated (eliminated).

In accordance with these regulations, the Authority contracted with Harding ESE, a State Certified Lead Consultant to conduct the lead hazard risk assessment. The assessment included

a visual paint condition inspection, interior dust wipe sampling and exterior soil lead sampling at nineteen (19) apartments units.

The visual assessment found the interior painted surfaces in good condition. In fact, dust wipe samples in the unit interiors did not report any units with lead dust levels in excess of the HUD dust contamination limits. Likewise, no soil lead hazards were detected in the bare soils tested. The exterior painted walls, doors and door frames were in acceptable condition; however, the consultant reported that **almost all of the exterior window frames/sills had paint in poor condition**

The HUD risk assessment criteria require the Authority to conduct corrective action in the form of LBP stabilization. Consequently, this contract is for LBP stabilization and painting of each exterior wood window frame and sill at all one hundred and thirty six (136) individual housing units, management offices, storage rooms and common areas.

**ANTICIPATED OUTCOMES**

Elimination of lead hazards in the 136 residential units, management offices, storage rooms and common areas at Westside Courts in accordance with HUD regulations.

**WHO BENEFITS**

Public housing residents, especially children will benefit from improved health, safety, and in general, living conditions. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Asbestos Management Group, Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

**BUDGET CONSIDERATION**

Funds are available through the Year 2001 Capital Fund Program.

**RESIDENT HIRING**

Asbestos Management Group, Inc.'s (AMG) requirement is to provide 25% resident hiring on this job. AMG estimates that the project will take up to 1320 man-hours to complete. Resident employees will perform 25% or a minimum of 320 hours of the work, with a goal of 30% or 383 man-hours of the work. The Contractor will employ three workers from their current crews and one or more residents.

**MBE/WBE PARTICIPATION**

Asbestos Management Group, Inc. will utilize two MBE/WBE subcontractor firms; these firms will perform 20% of the work.

**RECOMMENDATION**

Asbestos Management Group, Inc. has submitted the lowest, responsive and responsible bid. They will subcontract with two MBE/WBE firm and are committed to providing 25% resident

hiring at a minimum. Funding is available in the HUD 2001 Capital Fund Program. Because remediation of lead hazards is needed to protect resident children, the staff urges adoption of this Resolution authorizing the Executive Director to enter into a contract with AMG for the remediation of lead hazards at CAL 1-8, Westside Courts in an amount not to exceed $72,800.00.

(Prepared by: Richard McGuire, Robert Dahlstrom, Gerald Leroy and Rene Latosa)

RESOLUTION NO. _____
ADOPTED _____

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ASBESTOS MANAGEMENT GROUP, INC. TO CONDUCT LEAD HAZARD REMEDIATION AT CAL 1-8, WESTSIDE COURTS, IN AN AMOUNT NOT TO EXCEED $72,800.00.**

---

**WHEREAS,** The San Francisco Housing Authority publicly advertised Solicitation No. 02-620-IFB-055A for Lead Hazard Remediation at Cal 1-8, Westside Courts, and

**WHEREAS**, Asbestos Management Group, Inc. submitted the lowest responsive and responsible bid of $72,800.00 to provide for abatement of lead hazards at Cal 1- 8, Westside Courts; and

**WHEREAS**, these services are necessary to protect the health and welfare of resident children; and

**WHEREAS**, funding is available through the HUD 2001 Capital Fund Program; and

**WHEREAS**, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

**WHEREAS**, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

**WHERAS**, Asbestos Management Group, Inc. has met the MBE/WBE Participation goal and will meet the Resident Hiring requirements.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:**

1. The Executive Director is authorized to execute a contract with Asbestos Management Group, Inc., to provide lead hazard remediation at Cal 1-8, Westside Courts for an amount Not- To-Exceed $72,800.00.

2. This Resolution shall take effect immediately.

**APPROVED AT TO FORM AND LEGALITY:**

Donna Martin
DONNA MARTIN, Managing Attorney

Date: 4-4-03

**REVIEWED BY:**

GREGG FORTNER, Executive Director

Date: 4/4/03

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200


4/03
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# NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, APRIL 24, 2003 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

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## AGENDA
**April 24, 2003**

1. ROLL CALL

   *Sululagi Palega, Sr., President*
   *Julie Lee, Vice President*
   *George R. Brown, Commissioner*
   *Betty J. Smith, Commissioner*
   *Andrew J. Clark, Commissioner*
   *Neola Gans, Commissioner*
   *Rev. George Woodruff, Commissioner*


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2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - April 10, 2003 Regular Commission Meeting

4. GENERAL COMMUNICATIONS

   - Commendation of Gary Evans Retirement
   - Commendation of Glenda Johnson's Retirement

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Report on April 22, 2003 Meeting
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:

City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - None

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING SUBMISSION FOR APPLICATION (RFA) FUNDING FOR 2003-2004 CALIFORNIA WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAM NOT TO EXCEED $300,000

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT TO HUD THE CALCULATION OF OPERATING SUBSIDY FOR THE LOW INCOME HOUSING PROGRAM BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2003, TO SEPTEMBER 30, 2004, FOR THE LOW INCOME HOUSING DEVELOPMENTS UNDER CONTRACT SF-255

(C) RESOLUTION APPROVING THE SECTION 8 HOUSING ASSISTANCE PAYMENT BUDGET FOR THE FISCAL YEAR PERIOD OCTOBER 1, 2003 TO SEPTEMBER 30, 2004 UNDER CONTRACT SF-618

(D) RESOLUTION RATIFYING THE EXECUTIVE DIRECTOR'S SUBMISSION OF AN APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR HOPE VI DEMOLITION GRANT FUNDING FOR THE CAL 1-4 VALENCIA GARDENS HOUSING DEVELOPMENT FOR AN AMOUNT NOT TO EXCEED $2,300,000

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AN AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS

(F) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH CSG ADVISORS FOR FINANCIAL ADVISORY SERVICES FOR HOPE VI REVITALIZATION AND LEVERAGED FINANCE FOR OTHER PUBLIC HOUSING REVITALIZATION, DEVELOPMENT AND MODERNIZATION IN AN AMOUNT NOT TO EXCEED $225,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. CLOSED SESSION

A Closed session is scheduled with the Executive Director and Agency Counsel under Government Code Section §54956.9 (b)(1) to discuss pending legal matters.

15. RECONVENING OF COMMISSION MEETING

16. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

Date: April 14, 2003

To: San Francisco Housing Authority Commissioners

Sululagi Palega, Sr., President
Julie Lee, Vice President
Neola Gans, Commissioner
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew Clark, Commissioner
Rev. George Woodruff, Commissioner

From: Gregg Fortner, Executive Director

Subject: **RESOLUTION AUTHORIZING SUBMISSION OF REQUEST FOR APPLICATION (RFA) FUNDING FOR 2003-2004 CALIFORNIA WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAM NOT TO EXCEED $300,000**

---

## OVERVIEW

The purpose of the William F. Goodling Even Start Family Literacy Program is to improve the educational opportunities of the nation's low-income families by integrating early childhood education, adult literacy or adult basic education, and parenting education. The SFHA office of the Computer Learning/Education Center applied successfully for the 2002-2003 William F. Goodling Even Start Family Literacy Program through a collaborative with the San Francisco Unified School District and City College of San Francisco to address the needs of the SFHA families in the Bayview/Hunter's Point. As a result the office of the Computer Learning/Education Center would like to expand this opportunity to the SFHA families of the Sunnydale development.

## OBJECTIVE & ANTICIPATED OUTCOME

To provide continued funding over the next 12 months for community resident programs with the office of Computer Learning/Education Center.

## WHO BENEFITS

The Authority benefits by leveraging funding opportunities to continue resident programs through its Computer Learning/Education Center. The residents of Sunnydale benefit by having community programming for both the child and parent in early childhood development, adult literacy and parenting education activities.

## BUDGET CONSIDERATION

If award is successful, the anticipated cost for the program will be covered by funding from the William F. Goodling Family Literacy program.

## RESIDENT EMPLOYMENT

Residents will be considered for positions as family liaison.

## MBE/WBE STATUS

No impact

## RECOMMENDATION

Adopt resolution submission of REQUEST FOR APPLICATION (RFA) FUNDING FOR 2003-2004 CALIFORNIA WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAM.

Attachments

(Prepared by Belinda Morgan)

RESOLUTION NO.: 5091

DATE ADOPTED: 4/24/03

**RESOLUTION AUTHORIZING SUBMISSION OF REQUEST FOR APPLICATION (RFA) FUNDING FOR 2003-2004 CALIFORNIA WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAM NOT TO EXCEED $300,000.00**

**WHEREAS,** The purpose of the William F. Goodling Even Start Family Literacy Program is to improve the educational opportunities of the nation's low-income families by integrating early childhood education, adult literacy or adult basic education, and parenting education. The SFHA office of the Computer Learning/Education Center applied successfully for the 2002-2003 William F. Goodling Even Start Family Literacy Program through a collaborative with the San Francisco Unified School District and City College of San Francisco to address the needs of the SFHA families in the Bayview/Hunter's Point. As a result the office of the Computer Learning/Education Center would like to expand this opportunity to the SFHA families of the Sunnydale development. To provide continued funding over the next 12 months for community resident programs with the office of Computer Learning/Education Center; **and**

**WHEREAS,** funding is available through successful award; **and**

**NOW, THEREFORE, BE IT RESOLVED THAT,** the Authority Board of Commissioners authorize the Executive Director or designee, to authorize the submission of Request for Application funding for 2003-2004 California William F. Goodling Even Start Family Literacy Program not to exceed $300,000.

**APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:**

Donna Martin

**Donna Martin, Managing Attorney**

**Gregg Fortner, Executive Director**

**Date:** 4-18-03

**Date:** 4/18/03

# Request for Applications
## California Even Start Family Literacy



**Program questions:** Sal Arriaga, sarriaga@cde.ca.gov, 916-319-0275.
**General questions:** Policy and Program Coordination Office, 916-319-0848.
**Downloading questions:** Grace Holt, gholt@cde.ca.gov, 916-319-0376.

| Note: Application materials are provided in Rich Text Format (RTF) for maximum accessibility. | |
|---|---|
| **Document** | **Description** |
| Request for Applications (RFA) (RTF: 26 pp.; 615 KB) **Due May 2, 2003** | Eligibility criteria, instructions, and general forms for developing the 2003-2004 California William F. Goodling Even Start Family Literacy Program application |
| Online Letter of Intent **Due April 18, 2003** | Submit your Letter of Intent online. |
| Workshops | Schedule of technical assistance workshops |


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JACK O'CONNELL
State Superintendent of Public Instruction

CALIFORNIA DEPARTMENT OF EDUCATION
1430 N Street
P.O. Box 944272
Sacramento, CA
94244-2720

March 2003

TO: County and District Superintendents
Consolidated Programs Directors
Adult Education Schools
Child Development Centers
Community-Based Organizations
Early Childhood Education Centers

FROM: Sue Stickel, Deputy Superintendent
Curriculum and Instruction Branch

SUBJECT: **William F. Goodling Even Start Family Literacy Programs Grant Application 2003-04**

The California Department of Education (CDE) Policy and Program Coordination Office is seeking eligible applicants to provide comprehensive family literacy services involving parents and their children (ages birth to seven years) in a family-centered education program.

William F. Goodling Even Start Family Literacy provides funding for partnerships composed of local educational agencies and nonprofit organizations. The intent of the grant is to improve literacy levels of families by integrating early childhood education, adult education, and parenting education.

California currently has 107 William F. Goodling Even Start Family Literacy subgrantees with projects that include home and center-based activities. The Even Start program coordinates with various-support systems, such as social services, health agencies, literacy programs, and job training programs. The amount of Even Start allocation funds varies each year. Thus, the number of awards and amount will depend on the annual Even Start allocation and the number of 2003-2004 continuation subgrantees to be funded.

Applications are available at *<http://www.cde.ca.gov/iasa/evenstart/rfa.html>*.

All proposals must meet the requirements outlined in the Request for Application (RFA). Applicants are invited, for planning purposes, to submit a "Letter of Intent" by April 18, 2003. Completed applications are due Friday, May 2, 2003, at 5:00 p.m. and should be mailed to:

California Department of Education
Policy and Program Coordination Unit
1430 N Street, Suite 4309
Sacramento, CA 95814
Attention: Maria Amor

For further information call (916) 319-0848.

# PART I: GENERAL INFORMATION

## Purpose

The purpose of the William F. Goodling Even Start Family Literacy Program is to improve the educational opportunities of the nation's low-income families by integrating early childhood education, adult literacy or adult basic education, and parenting education.

## Statutory Requirements

The law requires that both child and parent actively participate in the program. In order to meet the Even Start criteria, families must participate in all three portions of the program components: children must take part in early childhood education activities, parents must take part in adult literacy activities, and both must be involved in parenting education activities. Thus, one cannot receive services without the full participation of the other. Applicants must:

1. Establish cooperative projects that create a new range of services and involve related programs under the Adult Education and Family Literacy Act, the Individuals with Disabilities Education Act, Title I of the Workforce Investment Act of 1998, Head Start program, volunteer literacy programs, and other relevant programs.
2. Encourage participating families to attend regularly and to remain in the program a sufficient amount of time to meet their program goals.
3. Ensure that the program will serve those families most in need of the activities and services.
4. Use instructional programs based on scientifically based reading research on the prevention of reading difficulties for children and adults, to the extent such research is available.
5. Include reading-readiness activities for preschool children based on scientifically based reading research, to the extent available, to ensure that children enter school ready to learn.
6. Assist children and adults from low-income families to achieve challenging state content and student achievement standards.
7. Provide and monitor integrated instructional services to participating parents and children through home-based programs.
8. Provide special training of staff, including child care staff, to develop the skills necessary to work with parents and young children in the full range of instructional services.
9. Operate on a year-round basis, including the provision of some instructional and enrichment services during the summer months.
10. Provide for an independent evaluation of the program to be used for program improvement.

## Staff Qualifications

Each applicant must ensure that staff who are hired for instructional and non-instructional positions, whose salaries are paid in whole or in part with Even Start funds, meet specific qualifications.

New instructional staff are those who are hired to work in Even Start projects. To be hired:

1. Teachers must have a bachelor's or graduate degree in a field related to early childhood, elementary, secondary, or adult education.
2. Paraprofessionals must have a minimum of 12 early childhood education college units or an associate degree in early childhood education.

Newly hired Project Director must:

1. Have training in the operation of a family literacy program.
2. Be able to communicate and facilitate collaborative responsibilities in a complex educational program, understand of categorical education programs, and actively participate in program improvement.

Newly hired Project Evaluator must:

1. Have a master's degree or recognized distinction in educational administration and evaluation.
2. Have formal training and experience in data collection and analysis and five years experience in program evaluation plus recent experience in family literacy programs. (Complete list of experience in appendix, Part III).
3. Have experience in developing and implementing the evaluation design and assessment instruments and the ability to make program recommendations.
4. Be sensitive to the needs of second language learners and be able to communicate with diverse populations in both oral and written form.

**Eligibility Criteria**

Applicants must show evidence of coordination and collaboration with existing agencies such as universities or colleges, Head Start, adult education, Title I, or special education. Eligible applicants include the following:

1. A local educational agency (LEA) applying jointly with a community-based organization (CBO), public agency, institution of higher education, or other nonprofit organization with a demonstrated track record of working in family literacy programs. All nonprofit agencies must include documentation of status as defined in 503(c) statutes.
2. A community-based organization or other nonprofit organizations with a track record of working in family literacy programs applying jointly with an LEA.
3. Indian Education Centers and/or tribal organizations.
4. A college or university, Job Training and Partnership Act (JTPA) agency, or early childhood education agency applying jointly with LEAs.

## Funding Priority

Eligible applicants wishing to apply for funding must:

1. Describe how their project will address and meet the cultural and linguistic needs of the children and families they propose to serve.
2. Describe (where language minority populations are involved) proposed literacy efforts that will (a) strive to promote proficient bilingualism and biliteracy among both children and parents; (b) provide comprehensive family literacy services or programs located in non-participating geographical areas, designated Empowerment Zones and Enterprise Communities; (c) reflect current theory, research, and practice for teaching language minority populations; and (d) ensure that appropriate additive approaches to organizing and delivering teaching and learning are implemented.

Even Start Family Literacy Program

Available Funds

The Even Start Program uses the total project amount (TPA), including the local contribution, to calculate the maximum federal share which is limited the first year to 90 percent of the total project cost. The first year becomes the base-year amount and is used for each succeeding year's calculations. In the next three years, the federal (Even Start) share is limited to 80 percent, 70 percent, and 60 percent respectively, of the total project cost. For second cycle projects the federal share is 50 percent of $300,000 and for third cycle the federal share is 35 percent.

In fiscal year (FY) 2003-2004, California will fund 10 to 15 new subgrantees with grants ranging from $105,000 to $300,000. All applications will be ranked on a 64 point scale.

| TIMELINE | |
|---|---|
| **April 1, 2003** | **Request for Application (RFA)** |
| **April 18, 2003** | **Letter of Intent Due (Optional)** |
| **May 2, 2003** | **Deadline by close of business 5:00 p.m.** |
| **May 27 – May 30, 2003** | **Review and Selection of Applications** |
| **June 6, 2003** | **Notification Not to Award Grants** |
| **Thirty Days After Notification of Intent Not to Award** | **End of Appeal Process** |
| **June 13, 2003** | **Initial Notification of Intent to Award Grants** |
| **June 20, 2003** | **Final Notification of Award Letter** |

# PART II: APPLICATION PROCESS AND REQUIREMENTS

### Organization and Content of the Application

To ensure timely processing, it is recommended that applicants follow the instructions provided throughout this RFA and use all provided forms. Applicants are to submit one signed original application and three copies. Each page of the application must be numbered consecutively at the bottom center. The application must be stapled in the upper left hand corner. Type size must be **12 points** (12 pitch), and the application must be double-spaced with one-inch margins at top and bottom and one-inch margins on both sides. The project abstract may be single or double-spaced.

Applications are limited to 25 pages, excluding the table of contents, cover sheet, one or two-page project abstract, budget forms, certifications, Statement of Compliance, and attachments. If the application narrative exceeds the page limit, the proposal will not be considered. The Policy and Program Coordination Unit will notify applicants in writing as to whether or not their RFA was selected. Both applicant and co-applicant are required to sign the cover page.

### Table of Contents

Applications must have a table of contents after the cover sheet listing each major section: project abstract, budget forms, budget narrative, project narrative items (need for project, program elements, program facilities, promise as a model, evaluation design, and reasonableness of budget), evaluation, collaborative arrangement form(s), general assurances, drug-free certification, lobbying certification, and debarment certification. (Forms are located in Part II of the application.)

Project Abstract

The abstract or synopsis of the proposed project must be written and placed after the table of contents. The abstract should focus on the geographic location of the applicant, qualifications of staff members to be hired, and on the key components of the proposed plan of action for both the adults and children. It may be **single or double-spaced (12 point/pitch)**. The pages will not be counted as part of the 25-page limit.

**Budget Forms**

Applications must contain two budget pages (budget form and budget narrative).

**Budget Narrative**

The budget narrative should describe the intended uses of the requested funds for each series denoted on the detailed budget forms. There should be adequate and appropriate detail that supports the purpose of the project's program and the proposed budget.

**Required Documents**

The following documents are used by the California Department of Education to ensure that subgrantees will be in compliance with the terms of their contract. All subgrants awarded shall be accompanied by the resolution, order, motion or ordinance of the local governing body having authority by law to enter into the contract, approving and authorizing execution of the agreement.

- General Assurances
- Certification Regarding Lobbying for Grants and Cooperative Agreements
- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
- Drug-Free Workplace Certification

**Terms of the Subgrant**

This subgrant is valid and enforceable only if the United States Government for FY 2003-2004 makes sufficient funds available to the state for the purposes of this program. In addition, this contract is subject to any additional restrictions, limitations, or conditions enacted by Congress or any statute enacted by Congress, which may affect the provisions, terms or funding of this contract in any manner. It is mutually agreed that if Congress does not appropriate sufficient funds for the program, this subgrant shall be amended to reflect any reduction in funds.

The California Department of Education has the option to void the subgrant under the 30-day cancellation clause or to amend the subgrant to reflect any reduction of funds. It must be permitted to audit, review, and inspect the subgrantees activities, books, documents, papers and records during progress of the work and for three years following final payment. The Department requires a summary of the annual Audit Report as it pertains to the Even Start grant.

**Retention of Records**

The subgrantee must maintain accounting records and other evidence pertaining to costs incurred, and must keep these available for five full years from the date of the final payment.

**Application Submittal original application and three copies to:**
California Department of Education
Policy and Program Coordination Unit
1430 N Street, Suite 4309
Sacramento, CA 95814
**Attention: Maria Amor**

Applicants are advised to use express, certified, or registered mail. If a courier service is used, the application must be delivered by Friday, May 2, 2003, 5 p.m. (PRIORITY MAIL IS NOT CONSIDERED COURIER DELIVERY). Transmission by facsimile (FAX) is not acceptable. Please retain all receipts. Applicants are responsible for delivery of their applications. Only completed application packets will be accepted for competition.

**Applicant's Grant Award Appeal Process**

Pursuant to Section 432(a) of the General Education Provision Act (GEPA; 20 USC section 1231b-2 (a), you have the right to appeal a decision disapproving your agency's application for Even Start funding in whole or in part if you believe that CDE violated state or federal law, rules, regulations, or guidelines in disapproving your agency's application.

The written request for a hearing must be postmarked no later than 30 calendar days from the date of receipt of the Notification of Results. Once submitted, CDE will acknowledge receipt of the request within ten calendar days.

**Send appeal request for hearing and three copies to:**
California Department of Education
Policy and Program Coordination Unit
1430 N Street, Suite 4309
Sacramento, CA 95814
**Attention: Maria Amor**

# CONTRACT - ROUTING SLIP

FROM: Belinda Morgan DATE: April 14, 2003

TITLE: RESOLUTION AUTHORIZING SUBMISSION FOR APPLICATION (RFA) FUNDING FOR 2003-2004 CALIFORNIA WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAM NOT TO EXCEED $300,000

## APPROVALS

**1. FINANCE**

N/A

David Esparza, Finance Administrator

Date _____

**5. OTHER**

_____

Date _____

**2. BUDGET**

N/A

Signature

Date _____

_____

Dollar Amount

_____

Account No.

**3. PROCUREMENT**

N/A

Rene Latosa, Deputy Administrator/Contracting Officer

Date _____

**6. OFFICE OF GENERAL COUNSEL**

Donna Martin

Donna Martin, Managing Attorney

Date 4-18-03

**4. ADMINISTRATIVE SERVICES**

Michael Roetzer, ~~Acting~~ Administrator

Date 4.15.03

**7. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

Date _____

B

**SAN FRANCISCO HOUSING AUTHORITY**
**440 Turk Street • San Francisco CA • 94112 • (415) 554-1200**

DATE: April 24, 2003

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Reverend George Woodruff, Commissioner*

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT TO HUD THE CALCULATION OF OPERATING SUBSIDY FOR THE LOW INCOME HOUSING PROGRAM BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2003, TO SEPTEMBER 30, 2004, FOR THE LOW INCOME HOUSING DEVELOPMENTS UNDER CONTRACT SF-255.**

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## OVERVIEW

HUD Regulations require Public Housing Authorities (PHAs) to submit their operating budget ninety (90) days before the end of each fiscal year. On January 6, 2003, HUD issued Public Housing Notice PIH-2003-1 that requires PHAs to submit their Calculation of Operating Subsidies and Operating Budgets to HUD no later than Thursday, May 1, 2003. Due to budgetary uncertainties, the early budget submission will allow HUD to consolidate all PHAs operating subsidies funding requests to determine actual funding levels for FY2004.

## OBJECTIVES

The approval of this resolution will allow the SFHA to submit its Calculation of Operating Subsidy and Operating Budget to HUD by the required due date. Once HUD approves the submission, operating subsidies will be provided to fund the Low Income Housing Operating Program for the period October 1, 2003 to September 30, 2004.

## PRESENT SITUATION

Normally, the SFHA would submit its Operating Budget to HUD on or before June 30th preceding the new fiscal year, instead of May 1, 2003. Because HUD anticipates a budgetary shortfall of at least 10 percent for FY2004, the SFHA has developed various FY2004 budget scenarios indicating differing funding levels. As such, we are submitting a balanced budget plan for FY2004, but without the budgetary detail for specific reductions, which will be identified after HUD approves the Authority's funding level for FY2004 and before the start of the new fiscal year.

## ANTICIPATED OUTCOMES

The operating subsidy provides funding for the day-to-day operation of services to our residents for units under the Public Housing Program.

## WHO BENEFITS

The approximately 12,000 public housing residents of San Francisco benefit from this approval since the operating subsidy supports the day-to-day operations of the Public Housing Program.

## BUDGET CONSIDERATION

Failure to submit the Operating Subsidy Calculation and Operating Budget by May 1, 2003 will cause suspension of subsidy payments to the Authority.

## RECOMMENDATIONS

Your approval of this resolution initiates the funding approval process for HUD to obligate a full year of operating subsidy funding to the Authority.

RESOLUTION NO. 5092
ADOPTED 4/24/03

# RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT TO HUD THE CALCULATION OF OPERATING SUBSIDY FOR THE LOW INCOME HOUSING PROGRAM BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2003, TO SEPTEMBER 30, 2004, FOR THE LOW INCOME HOUSING DEVELOPMENTS UNDER CONTRACT SF-255.

---

WHEREAS, there is attached hereto and marked Exhibit "A," "Calculation of Operating Subsidy" in support of the Low Income Housing Program Operating Budget for the fiscal period of October 1, 2003, through September 30, 2004; and

WHEREAS, the Commission has reviewed the Calculation of Operating Subsidy for determining that pending expenditures are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low income families and the financial plan is reasonable in that it expects a source of funding adequate to cover all pending expenditures and that it does not provide for federal funding in excess of that payable under the provisions of the current Performance Funding System regulations and that all pending rental charges and expenditures will be consistent with provisions of law and Annual Contributions Contract; and

WHEREAS, the San Francisco Housing Authority certifies that it is in compliance with the requirements for the reexamination of family income and composition under 24 CFR 960.209, 990.115, and 905.315; and

WHEREAS, the San Francisco Housing Authority certifies that it is in compliance with the wage rate requirements under 24 CFR 968.110(e) and (f) or 24 CFR 905.120(c) and (d); and

WHEREAS, the San Francisco Housing Authority certifies that it is in compliance with the requirement for access to records and audits under 24 CFR 968.110(i) or 24 CFR 905.120(g); and

WHEREAS, the San Francisco Housing Authority certifies that no PHA employee reflected in the pending budget will serve in a variety of positions exceeding 100 percent allocation of his/her time; and

WHEREAS, the Authority has conducted a review of its working capital needs and expects that the PHA will have sufficient operating reserves to meet the working capital needs of its developments; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:**

1. The Commission authorizes the Executive Director to submit the Calculation of Operating Subsidy and Operating Budget to the HUD Memphis TARC Office.

2. The Commission authorizes the Executive Director to obligate and expend funds approved by HUD consistent with the mission and prudent and reasonable business interest and the efficient operation of the San Francisco Housing Authority.

2. This Resolution shall take effect immediately.

**APPROVED AT TO FORM AND LEGALITY:**

DONNA MARTIN, Managing Attorney

Date: 4-18-03

**REVIEWED BY:**

GREGG FORTNER, Executive Director

Date: 4/18/03

OMB Approval No 2577-0029(exp. 8/31/2001

# Operating Fund Calculation of Operating Subsidy

## PHA-Owned Rental Housing

**U.S. Department of Housing and Urban Development**
**Office of Public and Indian Housing**

Exhibit A

### Section I

a.) Name and Address of Public Housing Agency

San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102

b) Budget Submission to HUD Required ☐ Yes ☐ No

c) Type of Submission: ☐ Original ☐ Revision

| d) No. HA Units | e) Unit Months Available (UMAs) | f) Subject FYE | g) ACC Number: | h) Operating Fund Project Number | I) (Reserved) |
|---|---|---|---|---|---|
| 6,451 | 64,848 | 09/30/04 | SF-255 | CA00100104S | |

### Section 2

| Line No. | Description | | Requested by PHA (PUM) | HUD Modifications (PUM) |
|---|---|---|---|---|
| **Part A. Allowable Expense and Additions** | | | | |
| 01 | Previous allowable expense level (Part A line 08 of form HUD-52723 for previous fiscal year) | | 439.69 | |
| 02 | Part A, Line 01 multiplied by .005 | | 2.20 | |
| 03 | Delta from form HUD-52720-B if applicable (see instructions) | | 0 | |
| 04 | Requested year units from latest form HUD-52720-B (see instructions) | | | |
| 05 | Add-ons to allowable expense level from previous fiscal year (see instruction) | | 0.00 | |
| 06 | Total of Part A, lines 01,02, 03, and 05 | | 441.89 | |
| 07 | Inflation Factor | | 1.029 | |
| 08 | Revised allowable expense level (AEL) (Part A , line 06 times 07) | | 454.70 | |
| 09 | Transition Funding | | 13.72 | |
| 10 | Increae to AEL | | | |
| 11 | Allowable utilities expense level from form HUD-52722-A | | 142.70 | |
| 12 | Actual PUM cost of Independent Audit (IA) (Through FYE 09/30/02) | | 1.12 | |
| 13 | Costs attributable to deprogrammed units | | 0.00 | |
| 14 | **Total Allowable Expenses and Additions (sum lines 07 thru 10)** | | 612.24 | |
| **Part B. Dwelling Rental Income** | | | | |
| 01 | Total rent roll (as of 04/01/03) | $1,219,516 | | |
| 02 | Number of occupied units as of rent roll date | 4,934 | | |
| 03 | Average monthly dwelling rental charge per unit for current budget year (Part B, Line 01 - Line 02 | 247.17 | | |
| 04 | Average monthly dwelling rental charge per unit for prior budget year | 240.57 | | |
| 05 | Average monthly dwelling rental charge per unit for budget year 2 years ago | 232.58 | | |
| 06 | Three-year average monthly dwelling rental charge per unit (Part B, Line 03 + Line 04 + Line 05)- 2 | 240.11 | | |
| 07 | 50/50 Income split (Part B, Line 03 + Line 06) - 2 | 243.64 | | |
| 08 | Average monthly dwelling rental charge per unit (Lesser of Part B, Line 03 or Line 07) | | 243.64 | |
| 09 | Rental income Adjustment Factor | | 1.03 | |
| 10 | Projected average monthly dwelling rental charge per unit (Part B, Line 08 times Line 09) | | 250.95 | |
| | | | | |
| 11 | Projected occupancy percentage (see instruction) | | 95% | |
| 12 | **Projected average monthly dwelling rental income per unit (line 16 times 17)** *Adjusted for Hope VI | | 238.40 | |
| **Part C. Non-dwelling Income** | | | | |
| 01 | Other Income | | 0.61 | |
| 02 | **Total operating receipts (Part B, line 12 plus Part C, line 01)** | | 239.01 | |
| 03 | **PUM deficit or (income) (Part A, line 14 minus Part C, line 02)** | | 373.23 | |
| | | | Requested by PHA (Whole dollars) | HUD Modifications (Whole dollars) |
| 04 | **Deficit or (income) before add-ons (Part C, line 03 times Section 1,e)** | | $24,203,219 | |

| Line No. | Description | | Requested by PHA (Whole dollars) | HUD Modifications (Whole dollars) |
|---|---|---|---|---|
| **Part D. Add-ons for changes in Federal law or regulation and other eligibiltiy** | | | | |
| 01 | FICA contribution | | $993,395 | |
| 02 | Unemployment compensation | | | |
| 03 | Family Self Sufficiency Program | | | |
| 04 | Energy Add-On for loan amortization | | | |
| 05 | Unit reconfiguration | 65,477 | | |
| 06 | Non-dwelling units approved for subsidy | | | |
| 07 | Long-term vacant units | | | |
| 08 | Phase Down for Demolitions | 2,559,052 | | |
| 09 | Units Eligible for Resident Participation: Occupied Units (Part B, Line 02) | 4,934 | | |
| 10 | Employee Units | 23 | | |
| 11 | Hayes Valley, Yerba Buena Plaza & Bernal Dwellings | 470 | | |
| 12 | Total Units Eligible for Resident Participation (Sum of Part D, Lines 09 thru 11) | 5,427 | | |
| 13 | Funding for Resident Participation (Part D, Line 12 x $25) | 135,675 | | |
| 14 | Other approved funding, not listed (Specify in Section 3) | | | |
| **15** | **Total add-ons (sum of Part D, lines 01, 02, 03, 04, 05, 06, 07, 08,13 and 14)** | | $3,753,599 | |
| **Part E. Calculation of Operating Subsidy Eligibility Before Adjustments** | | | | |
| 01 | Deficit or (income) before year-end adjustments (total of Part C, Line 04 and Part D, Line 15) | | $27,956,818 | |
| 02 | Actual cost of Independent Audit (IA) | | $72,398 | |
| 03 | **Operating subsidy eligibility before adjustments (greater of Part E, line 01 or line 02)** (if less than zero, enter zero (o) | | $27,956,818 | |
| **Part F. Calculation of Operating Subsidy Approvable for Subject Fiscal Year** | | | Do not revise after the end of subject year. | |
| 01 | Utility Adjustment for Prior Years Utility Adjustments for FY2002 at 99.5% | | ($1,651,502) | |
| 02 | Additional subject fiscal year operating subsidy eligibility (specify) | | | |
| 03 | Unfunded eligibility in prior fiscal years to be obligated in subject fiscal year | | | |
| 04 | HUD discretionary adjustments | | | |
| 05 | Other (specify) FY 2001 Cost Attributable to Deprogrammed Units | | | |
| 06 | Other (specify) | | | |
| 07 | Unfunded portion due to proration | | | |
| 08 | Net adjustments to operating subsidy (total of Part F, Lines 01 thru 07) | | ($1,651,502) | |
| 09 | **Operating subsidy approvable for subject fiscal year** (total of Part E, lines 03 and **Part F, Line 08)** | | $26,305,316 | |
| **HUD Use Only (Note: Do not revise after the end of the subject FY)** | | | | |
| 10 | Amount of operating subsidy approvable for subject fiscal year not funded | | | |
| 11 | Amount of funds obligated in excess of operating subsidy approvable for subject fiscal year | | | |
| 12 | **Funds obligated in subject fiscal year (sum of Part F, Line 09 thru 11)** (Must be the same as line 690 of the Operating Budget, form HUD-52564, for the subject fiscal year | | | |
| **PART G. Memorandum of Amounts Due HUD, including Amounts on Repayment Schedules** | | | | |
| 01 | Total amount due in previous fiscal year (Part G, line 04 of form HUD-52723 for previous fiscal year) | | | |
| 02 | Total amount to be collected in subject fiscal year (identify individual amounts under Section 3 | | | |
| 03 | Total additional amount due HUD (include any amount entered on Part F, line 11) (Identify individual amounts under Section 3 | | | |
| 04 | **Total amount due HUD to be collected in future fiscal year(s) (Total of Part G, lines 01 thru 03)** (Identify individual amounts under Section 3 | | | |

# Operating Budget

U. S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0026 (exp. 06/30/2001)

See page four for instructions and the Public reporting burden statement

| a. Type of Submission: | b. Fiscal Year Ending | C. No of Months (check one) | TYPE OF HUD-ASSISTED PROJECT(S): |
|---|---|---|---|
| Original Revision No.: | September 30, 2004 | 12 mo. Other (speci | 01 PHA/IHA - Owned Rental Housing |
| e. Name of Public Housing Agency / Indian Housing Authority (PHA/IHA) | | | 02 IHA Owned Mutual Help Homeownership |
| SAN FRANCISCO HOUSING AUTHORITY | | | 03 PHA/IHA Leased Rental Housing |
| f. Address ( City, State, zip code ) | | | 04 PHA/IHA Owned Turnkey III Homeownership |
| 440 TURK STREET, SAN FRANCISCO, CA 94102 | | | 05 PHA/IHA Leased Homeownership |

| g. ACC Number | h. PAS/LOCCS Project No. | j. HUD Field Office |
|---|---|---|
| SF-255 | CA00100104S | SAN FRANCISCO |

| j. No. of Dwelling Units | k. No. of Units Months Available | m. No of Projects |
|---|---|---|
| 6,451 | 64,848 | 43 |

| Line No. | Acct. No. | Description | Actuals Last Fiscal Yr. 2002 PUM | Estimate or Actual Current Budget Yr. 2003 PUM | Requested Budget Estimates: PHA/IHA Estimates PUM | PHA/IHA Estimates AMOUNT (To Nearest $10) | HUD Modifications PUM | HUD Modifications AMOUNT (To Nearest $10) |
|---|---|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **Homebuyers Monthly Payments For:** | | | | | | | | |
| 010 | 7710 | Operating Expense | | | | | | |
| 020 | 7712 | Earned Home Payments | | | | | | |
| 030 | 7714 | Nonroutine Maintenance Reserve | | | | | | |
| **040** | **Total** | Break-Even Amount (Sum of Lines 010, 020, and 030) | | | | | | |
| 050 | 7716 | Excess (or Deficit) in Break-Even Amount | | | | | | |
| 060 | 7790 | Homebuyers Monthly Payments (Contra) | | | | | | |
| **Operating Receipts** | | | | | | | | |
| 070 | 3110 | Dwelling Rentals | 225.67 | 240.35 | 246.95 | 16,014,060 | | |
| 080 | 3120 | Excess Utilities | 0.00 | 0.00 | 0.00 | 0 | | |
| 090 | 3190 | Nondwelling Rentals | 0.64 | 0.55 | 0.61 | 39,730 | | |
| **100** | **Total** | Rental Income (sum of Lines 070, 080, and 090) | 226.31 | 240.90 | 247.56 | 16,053,790 | | |
| 110 | 3610 | Interest on General Fund Investments | 0.87 | 1.31 | 0.74 | 48,000 | | |
| 120 | 3690 | Other Income | 3.29 | 0.88 | 2.37 | 153,970 | | |
| **130** | **Total** | Operating Income (sum of Lines 100, 110 and 120) | 230.47 | 243.09 | 250.67 | 16,255,760 | | |
| **Operating Expenditures - Administration** | | | | | | | | |
| 140 | 4110 | Administrative Salaries | 98.59 | 99.14 | 92.24 | 5,981,390 | | |
| 150 | 4130 | Legal Expense | 17.15 | 9.83 | 7.60 | 492,990 | | |
| 160 | 4140 | Staff Training | 0.48 | 0.97 | 0.60 | 38,720 | | |
| 170 | 4150 | Travel | 0.41 | 0.57 | 0.37 | 24,260 | | |
| 180 | 4170 | Acccounting Fees | 0.00 | 0.00 | 0.00 | 0 | | |
| 190 | 4171 | Auditing Fees | 1.20 | 1.17 | 1.12 | 72,400 | | |
| 200 | 4190 | Other Administrative Expenses | 17.89 | 24.54 | 15.66 | 1,015,540 | | |
| **210** | **Total** | Administration Expenses (sum of 140 thru line 200) | 135.73 | 136.22 | 117.59 | 7,625,300 | | |
| **Tenant Services** | | | | | | | | |
| 220 | 4210 | Salaries | 13.45 | 10.89 | 12.34 | 800,450 | | |
| 230 | 4220 | Recreation, Publications and Other Services | 0.01 | 0.19 | 0.15 | 10,000 | | |
| 240 | 4230 | Contract Costs, Training and Other | 3.21 | 3.31 | 2.90 | 187,830 | | |
| **250** | **Total** | Tenant Services Expenses (sum of line 220, 230, and 240) | 16.67 | 14.39 | 15.39 | 998,280 | | |
| **Utilities** | | | | | | | | |
| 260 | 4310 | Water | 15.85 | 15.88 | 16.55 | 1,072,920 | | |
| 270 | 4320 | Electricity | 46.19 | 56.27 | 50.09 | 3,248,530 | | |
| 280 | 4330 | Gas | 27.57 | 27.17 | 34.62 | 2,244,820 | | |
| 290 | 4340 | Fuel - Solar | 1.25 | 0.41 | 0.42 | 27,420 | | |
| 300 | 4350 | Labor | 0.00 | 0.00 | 0.00 | 0 | | |
| 310 | 4390 | Utilities - Sewer | 39.29 | 42.93 | 41.02 | 2,659,960 | | |
| **320** | **Total** | Utilities Expenses (sum of line 260 thru 310) | 130.16 | 142.66 | 142.70 | 9,253,650 | | |

| Name of PHA/IHA | | | Fiscal Year Ending | | | | | |
|---|---|---|---|---|---|---|---|---|
| SAN FRANCISCO HOUSING AUTHORITY | | | September 30, 2004 | | | | | |
| | | | Actuals | Estimates | Requested Budget Estimate | | | |
| | | | Last Fiscal | or Actual | PHA/IHA Estimates | | HUD Modifications | |
| Line | Acct. | | Yr. 2002 | Current Budget | | AMOUNT | | AMOUNT |
| No. | No. | Description | PUM | Yr. 2003 PUM | PUM | (To Nearest $10) | PUM | (To Nearest $10) |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **Ordinary Maintenance and Operation** | | | | | | | | |
| 330 | 4410 | Labor | 159.24 | 151.35 | 159.04 | 10,313,260 | | |
| 340 | 4420 | Materials | 25.07 | 22.86 | 20.81 | 1,349,260 | | |
| 350 | 4430 | Contract Costs | 54.24 | 62.90 | 56.39 | 3,656,740 | | |
| **360** | **Total** | Ordinary Maintenance and Operation Expense(lines 330to350) | 238.56 | 237.10 | 236.23 | 15,319,260 | | |
| **Protective Services** | | | | | | | | |
| 370 | 4460 | Labor | 0.00 | 0.00 | 0 00 | 0 | | |
| 380 | 4470 | Materials | 0.07 | 0.09 | 0.07 | 4,500 | | |
| 390 | 4480 | Contract Costs | 13.06 | 19.43 | 6.90 | 447,200 | | |
| **400** | **Total** | Protective Services Expense (line 370 to 390) | 13.13 | 19.52 | 6.97 | 451,700 | | |
| **General Expenses** | | | | | | | | |
| 410 | 4510 | Insurance | 30.56 | 35.07 | 42.33 | 2,744,810 | | |
| 420 | 4520 | Payments in Lieu of Taxes | 0.00 | 0.00 | 0.00 | 0 | | |
| 430 | 4530 | Terminal Leave Payments | 0.00 | 0.00 | 0.00 | 0 | | |
| 440 | 4540 | Employee Benefit Contributions | 97.35 | 94.29 | 113.74 | 7,375,990 | | |
| 450 | 4550 | Collection Losses | 6.16 | 2.73 | 2.78 | 180,000 | | |
| 460 | 4560 | Other General Expenses | 16.90 | 21.80 | 23.17 | 1,502,830 | | |
| **470** | **Total** | General Expenses (sum of lines 410 to 460) | 150.97 | 153.89 | 182.02 | 11,803,630 | | |
| **480** | **Total** | Routine Expense (sum of lines 210,250,320,360,400, and 470) | 685.19 | 703.78 | 700.90 | 45,451,820 | | |
| **Rents for Leased Dwellings** | | | | | | | | |
| 490 | 4710 | Rent to Owners of Leased Dwellings | 0.00 | 0.00 | 0.00 | 0 | | |
| **500** | **Total** | Operating Expenses (sum of lines 480 and 490) | 685.19 | 703.78 | 700.90 | 45,451,820 | | |
| **Nonroutine Expenditures** | | | | | | | | |
| 510 | 4610 | Extraordinary Maintenance | 1.05 | 0.00 | 0.00 | 0 | | |
| 510 | 4620 | Other Non-Routine | 2.45 | 1.82 | 0.00 | 0 | | |
| 520 | 7520 | Replacement of Equipment | 1.02 | 2.27 | 1.54 | 100,000 | | |
| 530 | 7540 | Betterments and Additions | 0.64 | 2.77 | 0.00 | 0 | | |
| **540** | **Total** | Nonroutine Expenditures (sum of lines 510, 520, and 530) | 5.16 | 6.86 | 1.54 | 100,000 | | |
| **550** | **Total** | Operating Expenditures (sum of lines 500 and 540) | 690.35 | 710.64 | 702.44 | 45,551,810 | | |
| **Prior Year Adjustments** | | | | | | | | |
| 560 | 6010 | Prior Year Adjustments Affecting Residual Receipts | (8.39) | 0.00 | 0.00 | 0 | | |
| **Other Expenditures** | | | | | | | | |
| 570 | | Deficiency in Residual Receipts at End of Preceding Fiscal Yr. | | 0.00 | 0.00 | 0 | | |
| **580** | **Total** | Operating Expenditures, including prior year adjustments and other expenditures (line 550 plus or minus 560 + line 570) | 681.97 | 710.64 | 702.44 | 45,551,820 | | |
| 590 | | Residual Receipts (or Deficit)before HUD Contributions and provision for operating reserve (line 130 minus line 580) | (451.50) | (467.56) | (451.77) | (29,296,060) | | |
| **HUD Contributions** | | | | | | | | |
| 600 | 8010 | Basic Annual Contribution Earned - Leased Project Curr. Yr. | | | | | | |
| 610 | 8011 | Prior Year Adjustments - (Debit) Credit | | | | | | |
| **620** | **Total** | Basic Annual Contribution (line 600 plus or minus line 610) | | | | | | |
| 630 | 8020 | Contribution Eamed - Op. Sub - Cur Yr.(before year-end adj) | 460.62 | 411.87 | 431.11 | 27,956,818 | | |
| 640 | | Prior Year Utility Expense Recapture | 0.00 | 0.00 | (25.47) | (1,651,502) | | |
| 650 | | Net Contribution Eamed - Operating Subsidy(630 thru 640) | 460.62 | 411.87 | 405.65 | 26,305,316 | | |
| | | | | | | | | |
| 660 | | Other (specify) CFP 2003 transfer to Operations 20% | 0.00 | 47.70 | 48.57 | 3,149,643 | | |
| | | | | | | | | |
| **690** | **Total** | HUD Contribution (sum of lines 620 and 680) | 460.62 | 459.57 | 454 22 | 29,454,959 | | |
| 700 | | Residual Receipts (or Deficit) before Reserve Enter here and on line 810 | 9.12 | (7.98) | 2.45 | 158,900 | | |

# RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: April 24, 2003

DATE Submitted to OGC: April 14, 2003 FROM: Finance Department

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT TO HUD THE CALCULATION OF OPERATING SUBSIDY FOR THE LOW INCOME HOUSING PROGRAM BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2003 TO SEPTEMBER 30, 2004 FOR THE LOW INCOME HOUSING DEVELOPMENTS UNDER CONTRACT SF-255

## APPROVALS

**1. FINANCE**

David L. Esparza, Administrator

Date 4/14/03

**6. SOCIAL SERVICES**

Buddy Tate Choy, Deputy Administrator

Date

**2. BUDGET**

Signature

Date 4/14/03

Dollar Amount

Account No.

**3. PROCUREMENT**

Rene Latosa, Deputy Department Administrator

Date

**7. OTHER**

Date

**4. ADMINISTRATIVE SERVICES**

Michael Roetzer, MSSD Administrator

Date

**8. OFFICE OF GENERAL COUNSEL**

Donna Martin, Managing Attorney

Date 4-18-03

**5. PUBLIC HOUSING OPERATIONS**

Naja Boyd, Deputy Executive Director

Date

**9. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

Date

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: April 24, 2003

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Reverend George Woodruff, Commissioner*

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION APPROVING THE SECTION 8 HOUSING ASSISTANCE PAYMENT BUDGET FOR THE FISCAL YEAR PERIOD OCTOBER 1, 2003 TO SEPTEMBER 30, 2004 UNDER CONTRACT SF-618.**

---

## OVERVIEW

There is no statutory or regulatory requirement that an agency's governing Board of Commissioners must approve the Section 8 Program Budget. However, as part of the Board's fiduciary duties and responsibilities, this budget is submitted for your review and approval.

## OBJECTIVES

The review and adoption of the Section 8 Program Budget will better assure that the governing body is aware of the agency's operating and financial plan. Where the Board deems appropriate, the budget may be modified.

## PRESENT SITUATION

Since program inception in 1974, Congress and HUD have never required Board action in the annual submission of Section 8 budgets. As such, the SFHA did not routinely present to the Board a separate Section 8 Program budget for its review and adoption. Instead, the Section 8 Budget was included with the annual Public Housing Operating Budget.

## ANTICIPATED OUTCOME

The submission of the Section 8 Operating Budget will allow the Board of Commissioners to be more aware of management's operating and financial plan.

## WHO BENEFITS

The Board will be better informed about the operating plans for the Section 8 Program and its financial implications.

## BUDGET CONSIDERATION

The agency will maximize the utilization of available funding and will increase the income by issuance of available vouchers to the families on the waiting list for the Section 8 Program. As the result, the requested funding for the FY 2004 will increase by $24.5 million over FY 2003. We anticipate having a 100% lease-up for the FY 2004 Budget.

## RECOMMENDATIONS

Your approval of this resolution is requested.

RESOLUTION NO. 5093
ADOPTED 4/24/03

**RESOLUTION APPROVING THE SECTION 8 HOUSING ASSISTANCE PAYMENT BUDGET FOR THE PERIOD OCTOBER 1, 2003 TO SEPTEMBER 30, 2004 UNDER CONTRACT SF-618**

---

WHEREAS, there is attached hereto and marked as Exhibit "A," the Budget in summary form for the Section 8 Housing Assistance Payment Programs for the period of October 1, 2003 through September 30, 2004; and

WHEREAS, the Commission has reviewed the aforementioned budget and determines that the proposed expenditures are necessary in the efficient and economical operation of the Housing Authority Section 8 Housing Assistance Program for the purpose of serving low-income families. The expenditures will be consistent with provisions of law and Annual Contributions Contract; and

WHEREAS, the San Francisco Housing Authority certifies that it is in compliance with the requirement for access to records and audits under 24 CFR 968.110(i) or 24 CFR 905.120(g); and

WHEREAS, the San Francisco Housing Authority certifies that no PHA employee reflected in this budget serving in a variety of positions will exceed 100 percent allocation of his/her time; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:**

1. The Commission authorizes the Executive Director to submit the Section 8 Operating Budget to the HUD San Francisco Office.

2. The Commission authorizes the Executive Director to obligate and expend funds approved by HUD consistent with the mission and prudent and reasonable business interest and the efficient operation of the San Francisco Housing Authority.

2. This Resolution shall take effect immediately.

**APPROVED AT TO FORM AND LEGALITY:**

Donna Martin
DONNA MARTIN, Managing Attorney

Date: 4-18-03

**REVIEWED BY:**

GREGG FORTNER, Executive Director

Date: 4/18/03

# SAN FRANCISCO HOUSING AUTHORITY
## Consolidated Section 8 Program Budget
## FY 2004

Exhibit A

| Description | FY 2003 Approved Budget | FY 2004 Proposed Budget | Increase/ (Decrease) |
|---|---|---|---|
| **I. Receipts** | | | |
| Housing Assistance Payments - HUD | $113,347,632 | $137,688,120 | $24,340,488 |
| Housing Assistance Payments - Hopwa & Sheltercare | 5,991,846 | 5,991,846 | 0 |
| Administrative Fees - HUD | 7,072,972 | 7,368,849 | 295,877 |
| Administrative Fees - Hopwa & Sheltercare plus | 428,163 | 428,163 | 0 |
| Audit Fees | 86,655 | 104,182 | 17,527 |
| Miscellaneous Income | 70,000 | 70,000 | 0 |
| **Total Receipts** | **$126,997,268** | **$151,651,160** | **$24,653,892** |
| **II. Expenses** | | | |
| a) Housing Assistance Payments - HUD | 113,347,632 | 137,688,120 | 24,340,488 |
| Housing Assistance Payments - Hopwa & Sheltercare | 5,991,846 | 5,991,846 | 0 |
| b) Operating Expenses | | | |
| Administrative Salaries | 3,977,782 | 4,238,869 | 261,087 |
| Legal | 71,637 | 35,324 | (36,313) |
| Staff Training | 30,444 | 39,085 | 8,641 |
| Travel | 35,199 | 37,694 | 2,495 |
| Auditing Fees | 86,655 | 104,182 | 17,527 |
| Office Rent | 300,000 | 0 | (300,000) |
| Office Supplies | 95,183 | 86,407 | (8,776) |
| Postage | 50,212 | 76,759 | 26,547 |
| Telephone | 75,000 | 118,770 | 43,770 |
| Publications & Subscriptions | 8,698 | 7,775 | (923) |
| Printing & Reproduction | 58,686 | 57,121 | (1,565) |
| Memberships & Dues | 24,326 | 28,699 | 4,374 |
| Advertisement | 61,200 | 25,600 | (35,600) |
| Other Sundry Items (Leased-up activities) | 25,000 | 25,000 | 0 |
| Administrative Contracts | 379,098 | 314,799 | (64,299) |
| Tenant Services | 146,712 | 189,840 | 43,128 |
| Insurance | 170,000 | 237,912 | 67,912 |
| Utilities | 15,000 | 5,000 | (10,000) |
| Ordinary Maintenance & Operations | 175,300 | 78,912 | (96,388) |
| Protective Services | 39,737 | 0 | (39,737) |
| Employee Benefits | 1,191,263 | 1,731,434 | 540,171 |
| Other General Expenses | 10,000 | 12,065 | 2,065 |
| **Total Administrative Expenses** | **$7,027,131** | **$7,451,247** | **$424,116** |
| c) Non-routine Expenses: | | | |
| Replacement of Existing Equipment | 20,000 | 20,000 | 0 |
| Betterment & Additions | 30,000 | 24,000 | (6,000) |
| Total Non-routine Expenses | $50,000 | $44,000 | ($6,000) |
| **Total Expenses** | **$7,077,131** | **$7,495,247** | **$418,116** |
| **Total Expenditures** | **$126,416,609** | **$151,175,213** | **$24,758,604** |
| **Operating Surplus** | **$580,659** | **$475,947** | **($104,711)** |

# RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: April 24, 2003

DATE Submitted to OGC: April 14, 2003 FROM: Finance Department

RESOLUTION APPROVING THE SECTION 8 HOUSING ASSISTANCE PAYMENT BUDGET FOR THE FISCAL YEAR PERIOD OCTOBER 1, 2003 TO SEPTEMBER 30, 2004 UNDER CONTRACT SF-618

## APPROVALS

**1. FINANCE**

David L. Esparza, Administrator

Date 4/14/03

**6. SOCIAL SERVICES**

Buddy Tate Choy, Deputy Administrator

Date

**2. BUDGET**

Signature

Date 4/14/03

Dollar Amount

Account No.

**3. PROCUREMENT**

Rene Latosa, Deputy Department Administrator

Date

**7. OTHER**

Date

**4. ADMINISTRATIVE SERVICES**

Michael Roetzer, MSSD Administrator

Date

**8. OFFICE OF GENERAL COUNSEL**

Donna Martin, Managing Attorney

Date 4-18-03

**5. PUBLIC HOUSING OPERATIONS**

Naja Boyd, Deputy Executive Director

Date

**9. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

Date

D

**SAN FRANCISCO HOUSING AUTHORITY**
440 Turk Street • San Francisco CA • 94102
(415) 554-1200

**MEMORANDUM**

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Rev. George Woodruff, Commissioner*

FROM: Gregg Fortner, Executive Director/ Secretary

DATE: April 18, 2003

RE: RESOLUTION RATIFYING THE EXECUTIVE DIRECTOR'S SUBMISSION OF AN APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR HOPE VI DEMOLITION GRANT FUNDING FOR THE CAL 1-4 VALENCIA GARDENS HOUSING DEVELOPMENT FOR AN AMOUNT NOT TO EXCEED $2,300,000.

---

**OBJECTIVE**

This resolution ratifies the Executive Director's submission of an application to the U.S. Department of Housing and Urban Development (HUD) for HOPE VI Demolition Grant funding for Valencia Gardens in an amount not to exceed $2,300,000. The funds, if awarded, would be used for the relocation of residents remaining on the site at the time of application, abatement of hazardous materials and demolition of the existing structures.

**OVERVIEW**

HUD issued a Notice of Funding Availability (NOFA) on April 4, 2003 for HOPE VI grants to demolish public housing sites. As mentioned in the Secretary's report at the April 10, 2003 Commission meeting, this resolution is requesting ratification since it was important to submit the application at the earliest possible date after all technical certifications could be obtained.

The funds that are being requested would be in addition to the $23,230,641 HOPE VI Revitalization Grant award received by the San Francisco Housing Authority (SFHA) for Valencia Gardens in 1997.

Valencia Gardens is eligible for this Demolition Grant funding only under Priority 4 of the NOFA because it received a HOPE VI Revitalization Grant award. Priority 4 applications are funded after all eligible applications in Priorities 1 through 3 are funded.

Since Priority 4 applicants are awarded on a "first come, first served basis", and given an ordinal number based on the date and time a completed application is received by HUD, the application is being prepared and submitted as quickly as possible.

Although the actual application deadline is June 3, 2003, there is a limited amount of funding available. The first year that the SFHA applied for a Demolition Grant for North Beach, no Priority 4 applicants were funded. The second year, North Beach was one of the few applicants funded because the application was prepared and submitted very early in the process.

**PRESENT SITUATION**

Revitalization of Valencia Gardens will include the following:

- 268 public housing, Section 8 Project Based and Low Income Housing Tax Credit subsidized apartments – for returning public housing residents and other low to moderate income households.
- 226 one, two, three and four bedroom townhouses and flats are designed for families with private exterior access from the sidewalks and private exterior space and 42 one bedroom apartments are specifically designed for seniors.
- A new 3,385 square foot Childcare facility.
- A 5,344 square foot multi-purpose resident/community room that is still being programmed.
- A 2,500 square foot Computer Learning Center.
- Washers, dryers, dishwashers and garbage disposals are included.
- Outdoor play space for children.
- Employment opportunities for residents.

To date, all but approximately 60 families have voluntarily relocated from Valencia Gardens with the assistance of the SFHA HOPE VI relocation staff. The 90 Day Notices to Relocate are being sent to the remaining residents on April 15, 2003. The Community and Support Services Work Plan and Case Management that serves all Valencia Gardens residents, including those who have been temporarily relocated, are being implemented throughout the planning, relocation and reoccupancy process. The updated Valencia Gardens Relocation Plan, based on

HUD's new guidelines and lessons learned from North Beach, has been preliminarily approved by HUD.

Under the Predevelopment Loan Agreement with the SFHA, Mission Housing Development Corporation (MHDC) has engaged architectural, environmental and planning consultants who are completing the required environmental and planning approvals process. These include the California Environmental Quality Act (CEQA), the National Environmental Protection Act (NEPA), and the City Planning Conditional Use Permit (CUP) approvals. These approvals will be completed by this June. HUD has reviewed and is prepared to release approval of the Demolition Disposition application upon completion of the NEPA process. All approvals for the start of remediation and demolition are expected to be in place by September of this year.

The estimated direct cost for rebuilding the development is $62.4 million. The additional Community and Supportive Services, Relocation, SFHA Administrative and Legal/Financial consulting costs bring the total to $67.5 million. The SFHA and Mission Housing Development Corporation are in the process of securing financing commitments for demolition and revitalization of Valencia Gardens from these sources: State Department of Housing & Community Development Multifamily Housing Program (MHP) funds, California Housing Finance Agency (Cal HFA) Tax Exempt Bonds and deferred loan, Investor 4% Low Income Housing Tax Credit Equity, private mortgage financing, General Partner equity, and Mayor's Office of Housing funds (MOH). A condition of receiving funds from MOH is that every effort is made to apply for other public and private funds.

**ANTICIPATED OUTCOME**

The SFHA will apply for up to $2,300,000 in HOPE VI Demolition Grant funds at the earliest possible date to be considered for funding under the Priority 4 Category.

**WHO BENEFITS**

The Valencia Gardens residents, the surrounding Mission District community and the SFHA will benefit from authorization to apply for this funding that is a component of the overall proposed financing for demolishing and rebuilding the site.

**BUDGET CONSIDERATIONS**

The estimated direct development cost for Valencia Gardens is $62.4 M that will be funded with a combination of HOPE VI Revitalization Grant funds, tax exempt bonds, 4 percent tax credits and other public and private funds. Approval of the HOPE VI Demolition Grant application will provide the SFHA with up to $2,300,000 in grant funds for a portion of these costs for relocation of residents remaining on the site at the time of application, abatement of

hazardous materials and demolition of existing structures. The SFHA will apply for the maximum grant amount allowable under this NOFA.

**RECOMMENDATION**

Staff recommends approval of the attached resolution authorizing the Executive Director to submit an application to HUD for an amount not to exceed $2,300,000 in HOPE VI Demolition Grant funding for Valencia Gardens.

(Materials Prepared by: Barbara T. Smith and Juan Monsanto)

RESOLUTION NO.: 5094

DATE ADOPTED: 4/24/03

RESOLUTION RATIFYING THE EXECUTIVE DIRECTOR'S SUBMISSION OF AN APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR HOPE VI DEMOLITION GRANT FUNDING FOR THE CAL 1-4 VALENCIA GARDENS HOUSING DEVELOPMENT FOR AN AMOUNT NOT TO EXCEED $2,300,000

WHEREAS, HUD awarded the San Francisco Housing Authority (SFHA) $23,230,641 in HOPE VI Grant funds for the revitalization of Valencia Gardens in 1997;

WHEREAS, the Commission authorized the Executive Director to execute a Developer Partner MOU and Predevelopment Loan Agreement with Mission Housing Development Corporation (MHDC), to approve for submission to HUD a Detailed Project Proposal (now referred to as a Revitalization Plan) and to negotiate a Disposition and Development Agreement for the revitalization of Valencia Gardens by Resolution No. 4940;

WHEREAS, HUD approved the Revitalization Plan on May 22, 2003 and MHDC is in the process of obtaining required planning and environmental approvals as well as financing commitments;

WHEREAS, on April 4, 2003 HUD issued a Notice of Funding Availability (NOFA) for HOPE VI Demolition Grants for eligible public housing agencies;

WHEREAS, the application must be submitted as early as possible since under the HUD NOFA the Valencia Gardens HOPE VI site only qualifies as a Priority 4 for funding and will be considered based on funds remaining after Priorities 1 through 3 are funded and then on a "date of submission" basis, although the final deadline for Demolition Applications is June 3, 2003; and

WHEREAS, as part of the application, the SFHA must make certifications and agreements that the SFHA will comply with all policies, procedures, and requirements prescribed by HUD for the HOPE VI program.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director's submission of an application to the United States Department of Housing and Urban Development for HOPE VI Demolition Grant Funding for the CAL 1-4 Valencia Gardens development in an amount not to exceed $2,300,000 is ratified.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

REVIEWED BY:

Donna Martin 4-18-03

Donna Martin, Managing Attorney DATE

Gregg F 4/18/03

GREGG FORTNER, Executive Director DATE

RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: April 24, 2003

DATE Submitted to OGC: April 14, 2003 FROM: Barbara Smith B.T. Smith

**TITLE:**

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT AN APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR HOPE VI DEMOLITION GRANT FUNDING FOR THE VALENCIA GARDENS (CAL 1-4) HOUSING DEVELOPMENT FOR AN AMOUNT NOT TO EXCEED ~~$2,000,000~~ $2,300,000

## APPROVALS

**1. FINANCE**

Robert Lee for DE

David Esparza, Finance Administrator

Date 4/14/03

**5. OTHER**

Date

**2. BUDGET**

NA

Signature

Date NA

N/A Dollar

Amount

N/A

Account No.

**3. PROCUREMENT**

NA

Rene Latosa, Deputy Administrator/Contracting Officer

Date

**6. OFFICE OF GENERAL COUNSEL**

Donna Martin

Donna Martin, Managing Attorney

Date 4-18-03

**4. ADMINISTRATIVE SERVICES**

NA

Michael Roetzer, Administrator

Date

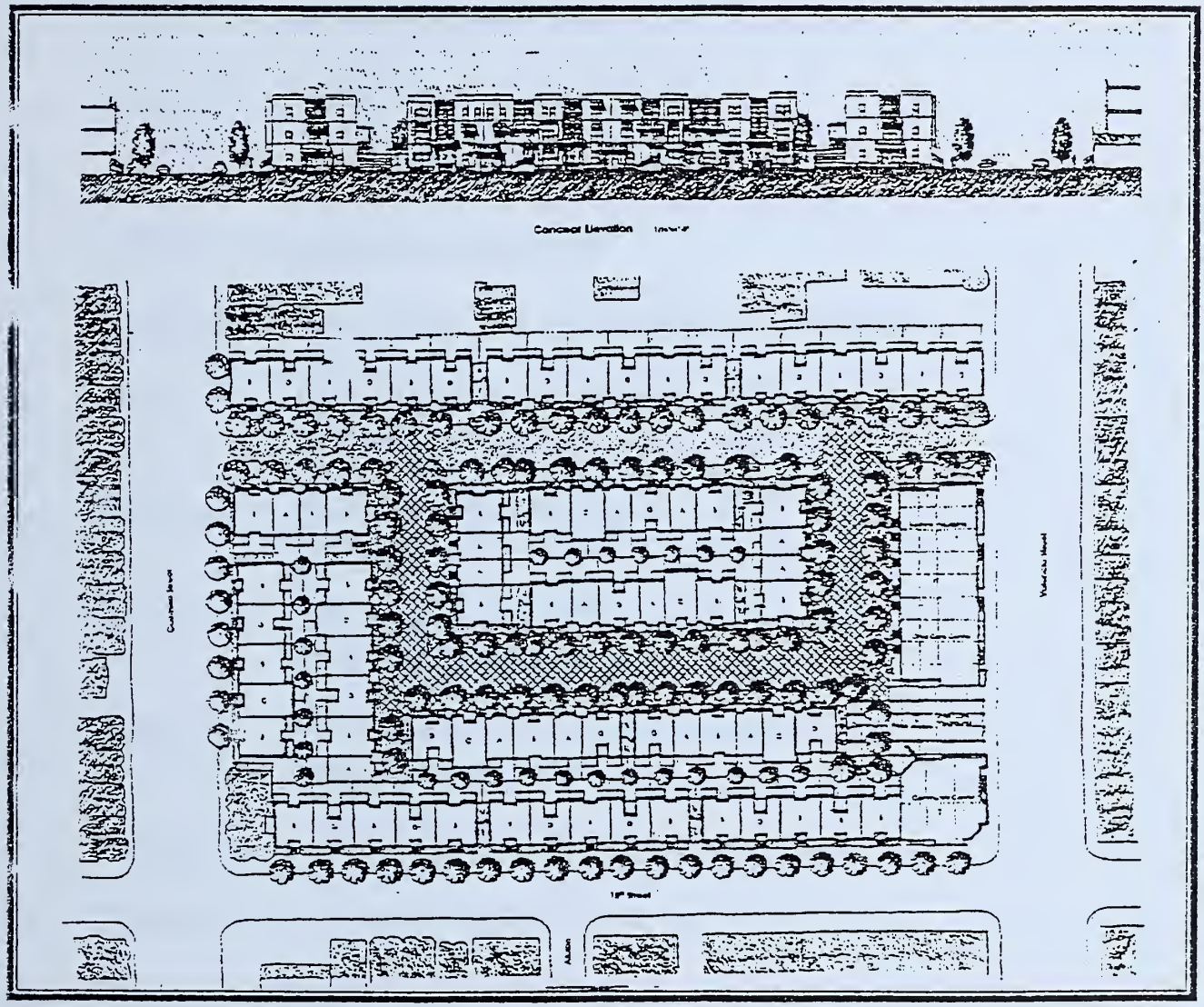
**7. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

Date

Exhibit D-1

# HOPE VI
# DEMOLITION APPLICATION
# VALENCIA GARDENS, CAL 1-4



SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET, SAN FRANCISCO, CA 94102

# HOPE VI DEMOLITION APPLICATION CHECKLIST

HA Name: San Francisco Housing Authority

Development Name: Valencia Gardens, CAL 1-4

| PHA CHECKOFF | | HUD VERIFICATION |
|---|---|---|
| X | HOPE VI Demolition Application Checklist | |
| X | HOPE VI Demolition Application Receipt (HUD-2993-A) | |
| X | Application for Federal Assistance (HUD-424) | |
| X | Applicant Assurances and Certifications (HUD-424B) | |
| X | **Exhibit A: Application Information** | |
| | **Exhibit B: Priority Group and Documentation of Eligibility:** | |
| | Priority 1: HUD's letter to PHA approving Section 202 Conversion Plan | |
| | Priority 2A: PHA's letter transmitting Section 202 Conversion Plan to HUD | |
| | Priority 2B: Documentation of HUD's Determination of Section 202 Status | |
| | Priority 3: HUD's letter to PHA approving Section 18 demolition application | |
| X | Priority 4: HUD's letter awarding Revitalization Grant | |
| X | **Exhibit C: Narrative of Proposed Activities** | |
| X | **Exhibit D: Priority Group 4 Applications** | |
| X | **Exhibit E: Relocation Plan Certification** | |
| X | **Exhibit F: Program Schedule** | |
| X | **Exhibit G: Grant Limitations Worksheet** | |
| X | **Exhibit H: HOPE VI Budget** | |
| X | **Exhibit I: Nondwelling Structures Certification** | |

Copy

# HOPE VI Demolition Grant Application Receipt

U.S. Department of Housing and Urban Development

Type or clearly print the Applicant's name and full address in the space below.

Barbara T. Smith, Administrator/HOPE VI Coordinator
Housing Development & Modernization Department
San Francisco Housing Authority
1815 Egbert Ave., 3rd Floor
San Francisco, CA 94124

(fold line)

HA Code C A ---- 0 1 5

PHA Fax Number 4 1 5 ---- 7 1 5 ---- 3 2 0 1

Development Name Valencia Gardens, CAL 1-4

Amount Requested $ 2,284,698

**To Be Completed by HUD**

☐ HUD received your application by the deadline.

Date received (mm/dd/yyyy) _____

Ordinal _____

Application Number _____

☐ Your application has been screened and no deficiencies have been identified.

☐ Your application has been screened and a deficiency has been identified. Please see the attached letter and/or checklist.

☐ HUD did not receive your application by the deadline; therefore, your application will not receive further consideration.

Copy

# Application for Federal Assistance

U.S. Department of Housing and Urban Development

OMB Approval No.2501-0017 (exp. 03/31/2005)

1. Type of Submission
[X] Application [ ] Preapplication

2. Date Submitted: 04/18/2003
3. Date and Time Received by HUD:
4. HUD Application Number:
5. Existing Grant Number:
6. Applicant Identification Number: 94-6002959

7. Applicant's Legal Name: San Francisco Housing Authority
8. Organizational Unit: Housing Development & Modernization Department

9. Address (give city, county, State, and zip code)
A. Address: 440 Turk Street
B. City: San Francisco
C. County: San Francisco
D. State: California
E. Zip Code: 94102

10. Name,title,telephone number,fax number, and e-mail of the person to be contacted on matters involving this application (including area codes)
A. Name: Barbara T. Smith
B. Title: Administrator/HOPE VI Coordinator
C. Phone: (415) 715-3220
D. Fax: (415) 715-3201
E. E-mail: smitnb@sfha.org

11. Employer Identification Number (EIN) or SSN
94-6002959

12. Type of Applicant (enter appropriate letter in box) O

| | |
|---|---|
| A. State | I. University or College |
| B. County | J. Indian Tribe |
| C. Municipal | K. Tribally Designated Housing Entity (TDHE) |
| D. Township | L. Individual |
| E. Interstate | M. Profit Organization |
| F. Intermunicipal | N. Non-profit |
| G. Special District | O. Public Housing Authority |
| H. Independent School District | P. Other (Specify) |

13. Type of Application
[X] New [ ] Continuation [ ] Renewal [ ] Revision

If Revision, enter appropriate letters in box(es) [ ] [ ]
A. Increase Amount B. Decrease Amount C. Increase Duration
D. Decrease Duration E. Other (Specify)

14. Name of Federal Agency
U.S. Department of Housing and Urban Development

15. Catalog of Federal Domestic Assistance (CFDA) Number
14 --- 866
Title: HOPE VI Demolition Grant Application
Component Title:

16. Descriptive Title of Applicant's Program
Valencia Gardens HOPE VI Demolition

17. Areas affected by Program (boroughs, cities, counties, States, Indian Reservation, etc.) City & County of San Francisco

| 18a. Proposed Program start date | 18b. Proposed Program end date | 19a. Congressional Districts of Applicant | 19b. Congressional Districts of Program |
|---|---|---|---|
| 7/16/03 | 11/30/03 | 8th District | 8th District |

20. Estimated Funding: **Applicant must complete the Funding Matrix on Page 2.**

21. Is Application subject to review by State Executive Order 12372 Process?
A. Yes [ ] This preapplication/application was made available to the State Executive Order 12372 Process for review on: Date_____
B. No [X] Program is not covered by E.O. 12372
[ ] Program has not been selected by State for review.

22. Is the Applicant delinquent on any Federal debt? [X] No
[ ] Yes If "Yes," explain below or attach an explanation.

Copy

## Funding Matrix

The applicant must provide the funding matrix shown below, listing each program for which HUD funding is being requested, and complete the certifications.

| Grant Program* | HUD Share | Applicant Match | Other HUD Funds | Other Federal Share | State Share | Local/Tribal Share | Other | Program Income | Total |
|---|---|---|---|---|---|---|---|---|---|
| HOPE VI | 2,284,698.00 | | | — | | | | | 2,284,698.00 |
| Local MOH Funds | | | | | | 845,655.00 | | | 845,655.00 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| **Grand Totals** | 2,284,698.00 | | | | | 845,655.00 | | | 3,130,353.00 |

* For FHIPs, show both initiative and component

## Certifications

I certify, to the best of my knowledge and belief, that no Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying. I certify that I shall require all sub awards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly.

Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally-recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment, but State-recognized Indian tribes and TDHEs established under State law are not excluded from the statute's coverage.

This application incorporates the Assurances and Certifications (HUD-424B) attached to this application or renews and incorporates for the funding you are seeking the Assurances and Certifications currently on file with HUD. To the best of my knowledge and belief, all information in this application is true and correct and constitutes material representation of fact upon which HUD may rely in awarding the agreement.

| 23. Signature of Authorized Official | Name (printed) Gregg Fortner |
|---|---|
| Title Executive Director | Date (mm/dd/yyyy) 04/18/2003 |

| Applicant Assurances and Certifications | U.S. Department of Housing and Urban Development | OMB Approval No. 2501-0017 (exp. 03/31/2005) |
|---|---|---|

## Instructions for the HUD-424-B Assurances and Certifications

As part of your application for HUD funding, you, as the official authorized to sign on behalf of your organization or an an individual must provide the following assurances and certifications. By signing this form, you are stating that to the best of your knowledge and belief, all assertions are true and correct.

As the duly authorized representative of the applicant, I certify that the applicant [Insert below the Name and title of the Authorized Representative, name of Organization and the date of signature]:

Name:_____, Title: Executive Director ,

Organization: San Francisco HA , Date: 04/18/2003 .

1. Has the legal authority to apply for Federal assistance, has the institutional, managerial and financial capability (including funds to pay the non-Federal share of program costs) to plan, manage and complete the program as described in the application and the governing body has duly authorized the submission of the application, including these assurances and certifications, and authorized me as the official representative of the applicant to act in connection with the application and to provide any additional information as may be required.

2. Will administer the grant in compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d)) and implementing regulations (24 CFR Part 1), which provide that no person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance **OR** if the applicant is a Federally recognized Indian tribe or its tribally designated housing entity, is subject to the Indian Civil Rights Act (25 U.S.C. 1301-1303).

3. Will administer the grant in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended, and implementing regulations at 24 CFR Part 8, and the Age Discrimination Act of 1975 (42 U.S.C. 6101-07), as amended, and implementing regulations at 24 CFR Part 146 which together provide that no person in the United States shall, on the grounds of disability or age, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance; except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the nondiscrimination requirements within the designated population.

4. Will comply with the Fair Housing Act (42 U.S.C. 3601-19), as amended, and the implementing regulations at 24 CFR Part 100, which prohibit discrimination in housing on the basis of race, color, religion, sex, disability, familial status, or national origin; except an applicant which is an Indian tribe or its instrumentality which is excluded by statute from coverage does not make this certification and further except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the nondiscrimination requirements within the designated population.

5. Will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601) and implementing regulations at 49 CFR Part 24 and 24 CFR 42, Subpart A.

6. Will comply with the environmental requirements of the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*) and related Federal authorities prior to the commitment or expenditure of funds for property acquisition and physical development activities subject to implementing regulations at 24 CFR parts 50 or 58.

7. Will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an on-going drug-free awareness program to inform employees about --

(1) The dangers of drug abuse in the workplace;

(2) The applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

( c ) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required in Paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee has worked, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted--
(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by Federal, State, or local health, law enforcement, or other appropriate agency;
(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), ( c), (d), (e), and (f).
(h). The applicant may insert in the space provided below the site(s) for the performance of work or may provide this information in connection with each application.
(i). Place of Performance (street address, city, county, state, zip code)
8. In accordance with 24 CFR Part 24, and its principals:
(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
(b) Have not within a three year period preceding this proposal, been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
( c) Are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in the preceding paragraph of this certification; and
(d) Where the applicant is unable to certify to any of the statements in this certification, an explanation shall be attached.
(e) Will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transaction, " provided by the HUD without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

These certifications and assurances are material representations of the fact upon which HUD can rely when awarding a grant. If it is later determined that I, the applicant, knowingly made an erroneous certifications or assurance, I may be subject to criminal prosecution. HUD may also terminate the grant and take other available remedies.

Exhibit A: Application Information

Exhibit B: Priority Group and Documentation of Eligibility

Exhibit C: Narrative of Proposed Activities

D Exhibit D: Priority Group 4 Applications

E Exhibit E: Relocation Plan Certification

F Exhibit F: Program Schedule

G Exhibit G: Grant Limitations Work Sheet

H Exhibit H: HOPE VI Budget

I Exhibit I: Non-dwelling Structures Certification

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## EXHIBIT A: APPLICATION INFORMATION

HA Name: San Francisco Housing Authority

Development Name: Valencia Gardens

Development Number(s): CAL 1-4

DOFA: 1943 Grant Amount Requested: $ 2,284,698.00

Number of total units in development: 246

Number proposed for demolition: 246

Demolition Approval Status: (Complete grid below)

| | Date | Number of Units | | Number of Buildings | |
|---|---|---|---|---|---|
| | | Requested | Approved | Requested | Approved |
| HUD-Approved Conversion Plan (24 CFR part 971) | | | | | |
| Submitted Conversion Plan (24 CFR part 971) | | | | | |
| HUD-Approved Section 18 Demolition Application | | | | | |
| Previously-awarded HOPE VI Revitalization Grant RP Approval | 12/09/98 | | 246 | | 22 |

Street Addresses of units to be demolished (including ZIP code):

1714, 1718, 1722, 1724, 1730, 1734, 1736, 1742, 1746, 1750, 1754, 1758, 1762, 1766, 1770, 1774, 1778, 1782, 1786, 1790, 1794 – Fifteenth (15th) Street, San Francisco, CA 94103

265, 253, 245, 275, 285, 291 – Guerrero Street, San Francisco, CA 94103

334, 340, 344, 350, 360, 364, 370 – Valencia Street, San Francisco, CA 94103

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

MAY 22 2002

Mr. Greg Fortner
Acting Executive Director
San Francisco Housing Authority
1815 Egbert Avenue
San Francisco, CA 94124

Re: Valencia Gardens HOPE VI Revitalization Plan

Dear Mr. Fortner:

Thank you for submitting the Valencia Gardens Revitalization Plan (RP) for HUD review on January 3, 2002, and for the subsequent revisions submitted electronically on April 3, 2002. I congratulate the San Francisco Housing Authority (SFHA) on reaching this milestone and look forward to continued progress on this 1997 HOPE VI grant, which has suffered from significant delays. With that in mind, HUD is conditionally approving the RP, as revised on April 3, 2002, with the following items to be addressed as the physical design moves forward for both on and off-site development, as the financing is secured for both sites, as the general contractor is selected for Valencia, and as the developer is selected for the Rosa Parks Annex site.

Project Unit Count and Mix

The plan calls for the demolition of all 246 units on the Valencia Gardens site and replacement with 247 new units on the site, plus another 60 elderly units at Rosa Parks Annex for total 307 units. Using information within the text and financing sources and uses, we have developed the following chart to determine the proposed unit mix.

| | Valencia PHA (ACC) | Valencia TCAC (40% AMI) | Valencia TCAC (50% AMI) | Valencia Manager's Apartment | Rosa Parks Annex 202 Elderly | Rosa Parks Annex TCAC (50% AMI) | Total |
|---|---|---|---|---|---|---|---|
| 1 BR | 20 | | | | 55 | 25 | 80 |
| 2 BR | 104 | 10 | 15 | 1 | | | 130 |
| 3 BR | 65 | 10 | 10 | | | | 85 |
| 4 BR | 10 | 0 | 2 | | | | 15 |
| Total | 199 | 20 | 27 | 1 | 55 | 25 | 307 |

1. SFHA has clarified its intention to designate the 60 units at Rosa Parks Annex as elderly only, to procure a separate development partner for this site, to apply for a HUD 202 grant and for Low Income Housing Tax Credits (LIHTC) in 2003.

2. Of the total 307 units to be developed, 199 of 246 at the Valencia site will be ACC units developed by Mission Housing Development Corporation (MHDC).

The RP identifies 35 units at the Annex as ACC also, resulting in a total of 234 ACC replacement units. However, if SFHA is awarded a 202 grant, these 35 units will not receive public housing operating subsidies, and, therefore, cannot be counted as public housing. They will instead receive Project Rental Assistance under the 202 Program, which is granted in 5 years increments, renewable up to 40 years. This subsidy guarantees that the units will serve low and very low-income families on a long-term basis, essentially the same population served by public housing.

3. In its 1997 Valencia Gardens HOPE VI grant application, SFHA committed to develop 246 replacement public housing units. The reduction in the number of ACC replacement units results from SFHA's decision to build new, rather than rehab, existing structures at the Valencia site in order to reduce density and achieve a better overall unit design and site plan. In view of the long-term operating subsidy available to the 202 units, ensuring that low-income families will be served, the Department approves the reduction in the number of ACC units from 246 to 199. Based on the budget submitted in the RP and using 199 public housing replacement units, the project is well within Total Development Cost/Hard Construction Cost (TDC/HCC) limits.

4. The Predevelopment Loan Agreement with Mission Housing executed in 2000 states that a total of 315 units would be constructed (260 at Valencia through a combination of rehab and new construction and 55 off-site). This totals seven units more units than proposed in the revised RP. Since Mission Housing will not be developing the off-site component at the Annex, this component must be removed from and the correct unit count must be shown in the Master Development Agreement, which will supercede the Predevelopment Loan Agreement.

5. Provide an accounting for the number of Section 8 certificates used for permanent purposes vs. relocation to verify that the total number of ACC units and permanent Section 8 certificates is equal to or less than the original 246 Valencia units at the time of HOPE VI award.

Project Design

To avoid costly redesign, please submit concept plans including a site plan, unit floor plans, elevations and sections of buildings that illustrate massing, materials, building heights, streetscape and construction type to this office for review as they are developed. Plans will be reviewed for livability, furnishability and compliance with federal accessibility regulations as summarized in PIH Notice 2002-1, which can be accessed at: http://www.hud.gov/offices/pih/publications/notices/02/pih2002-1.pdf

Project Financing - Valencia

The Valencia site appears to have a financing gap of approximately $7 million even with $18.4 million in HOPE VI, $30.6 million in Low Income Housing Tax Credits

(LIHTC), $1 million in Affordable Housing Program (AHP) funds, and $1.3 million in private debt assumed.

1. The summary SFHA HOPE VI Development Uses Detail (dated 12/31/01) for Valencia behind Tab 9 does not quite match the Valencia Gardens Sources and Uses of Funds (dated 10/12/01) behind the same tab. The first chart shows a total Valencia cost (uses) of $62,692,462 while the second shows a total of $63,192,460 (adjusted to include SFHA costs). Please clarify this difference.

2. A comparison between the two charts for Valencia also shows a discrepancy in sources of funds with significant differences between first mortgage amounts, local resources and gap (see following chart). A number of ideas are suggested for closing the gap in the 10/12/01 chart. These include: using Section 8 for the non-ACC units to obtain higher rents; obtaining HUD HOPE VI demolition funds; obtaining City funds; reducing the capitalized reserves amount; and raising a higher yield on the 9% LIHTC equity (currently estimated to be $.80 cents per tax credit dollar). Does this gap still exist? Specifically describe the local resources of $4 million shown in the 12/31/01 chart and any firm commitments for these funds. Please also verify that the tax credit units can support roughly $3 million in First Mortgage debt as shown in the 12/31/01 chart.

| Sources of Funds | 12/31/01 Chart | 10/12/01 Chart |
|---|---|---|
| First Mortgage | 3,047,806 | 1,286,500 |
| HOPE VI | 23,230,641 | 23,230,641 |
| Second Mortgage – AHP | 1,000,000 | 1,000,000 |
| General Partner Equity | 100 | 100 |
| Limited Partner Equity | 31,413,915 | 30,613,915 |
| Local Resources | 4,000,000 | |
| Gap | | 7,061,304 |
| Total | $62,692,462 | $63,192,460 |

3. In 2002, SFHA anticipates selecting the General Contractor and completing a Detailed Development Agreement (DDA) with MHDC. Funding is dependent on submission of an application to the California Tax Credit Allocation Commission (TCAC) in 2003, submission of the Rental Term Sheet and Mixed Finance Proposal to HUD in 2003 and closing in 2003. Construction is expected to begin in 2003 and to be completed in 2005. Only one TCAC funding application is shown in the schedule on page 5. Does the Qualified Allocation Plan (QAP) allow SFHA to obtain an allocation for the full $30-$31 million in projected equity needed in one year?

**Project Financing - Annex**

SFHA proposes to finance the Annex with a HUD 202 Grant of $3.95 million, conventional debt of $1.84 million, and 9% LIHTC equity of $6.98 million. A summary of the Sources of Funds for the Annex follows.

| Sources of Funds | 12/31/01 Chart |
|---|---|
| First Mortgage | 1,840,000 |
| HOPE VI | 0 |
| HUD 202 | 3,935,050 |
| General Partner Equity | 0 |
| Limited Partner Equity | 6,986,327 |
| Local Resources | 0 |
| Gap | |
| Total | $12,761,377 |

The Sources and Uses Budget dated 10/12/01 identified $1,220,000 in HOPE VI funds for "SFHA for Rosa Parks ancillary site." In a recent telephone conversation, SFHA staff has indicated that SFHA may want to loan this amount to the Annex site project to pay for pre-development costs. Since no public housing units are being developed at the Annex, this is not an eligible use of HOPE VI funds.

Project Schedule

On June 13, 2001, HUD granted SFHA extensions on submission dates required under the Valencia Gardens Grant Agreement. Specifically, extensions were granted for the submission of the RP until September 2001, execution of the general contractor agreement until March 2003, and completion of construction until December 2005. The schedule provided in the RP indicates that construction will start on the Valencia Gardens site in winter 2003, and be complete in spring 2005, thereby conforming to the extended deadlines.

Since no public housing units are being developed at the Annex site and no HOPE VI funds may be spent on that site, HUD will not be monitoring the development of this site.

Again, thank you for submitting this RP for HUD review and approval. We look forward to working with you on the successful implementation of the Valencia Gardens HOPE VI grant. Should you have any questions, please call Ms. Donna Poggi Keck at (202) 708-0614, extension 4180.

Sincerely,

Milan Ozdinec
Deputy Assistant Secretary
Office of Public Housing Investments

Department of Housing and Urban Development
Washington, D.C. 20410-5000

DEC 5 1997

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

Mr. Ronnie Davis
Interim Executive Director
San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102

Dear Mr. Davis:

SUBJECT: Transmittal of HOPE VI Grant Agreement
HOPE VI Grant Number: CA39URD001I197
Development Name: Valencia Gardens

Congratulations once again on your selection as an FY 1997 HOPE VI Revitalization Grantee. This letter will transmit your HOPE VI Grant Agreement, important information about your grant, and a summary of the next steps in the implementation of your program.

Grant Agreement

Enclosed is your FY 1997 HOPE VI Grant Agreement, submitted for review and approval by your Board of Directors. This document memorializes the agreements made between the Grantee and HUD, and incorporates all documents relating to the grant, including the April 14, 1997, Notice of Funding Availability (NOFA), the application you submitted on July 18, 1997, and all subsequent documents. Once your Board has approved the Grant Agreement, please sign all four copies of the enclosed cover sheet (HUD-1044) and return all four copies to your HUD Grant Manager. All four copies must have original signatures. Keep the Grant Agreement itself for your files.

Once the 1044s are received, they will be executed by HUD and one executed copy will be returned to you to be attached to your copy of the Grant Agreement. Execution of the HUD-1044 officially obligates the funds, and the date of execution is the official start date of your grant. Please be advised that HUD reserves the right to assign a Program Manager and/or provide additional oversight, if deemed necessary by HUD.

Revitalization Plan

The Grant Agreement provides that your next step is to prepare a Revitalization Plan (RP), an approvable version of which will be due to HUD within 90 days of your start date. While the purpose of your application was to sketch out your general revitalization plans in order to be selected for a HOPE VI grant, the purpose of the RP is to provide HUD with detailed plans for physical work, self-sufficiency programs, financing, and management improvements that, as a whole, will result in the transformation of the public housing development. Revitalization Plan Requirements can be found in Chapter 2.D of the HOPE VI Guidebook.

Predevelopment Budget

A Full Budget that shows the distribution of your HOPE VI grant funds by Budget Line Item (BLI) is due as part of your Revitalization Plan. Article IX.2 of the Grant Agreement provides that, prior to the approval of the RP, Grantees may submit a Predevelopment Budget and request grant funds for a limited portion of the grant for predevelopment costs such as administration, relocation, site remediation, and demolition. The eligible predevelopment costs are listed in the Grant Agreement. A detailed description of the purposes of the funds you wish released must be included on Part II of the HOPE VI Budget Form.

HUD will approve Predevelopment Budgets that request funds for expenses anticipated over the next six months. In accordance with Article IX.4.d of the Grant Agreement, funds also may be requested for costs incurred after the notification of grant award and before Grant Agreement execution. All FY 1997 grants were awarded on October 6, 1997, except the grants awarded in Florida, which were awarded on October 3, 1997.

Submission of a Predevelopment Budget is not required, but if you would like to draw down funds for predevelopment costs, your request must be submitted on Form HUD-52825-A, Parts I and II (the HOPE VI Budget Form). Part II must include a detailed description of the uses of the funds. Include on the Predevelopment Budget ONLY the funds you wish to have released; do not include the entire budget amount. In order to prepare your budget, you must consult Chapter 2.G (Budget Guidance) of the HOPE VI Guidebook.

Once you have completed your Predevelopment Budget, please sign and date it and submit it to your HUD Grant Manager for review. When it is approvable, HUD will return a signed copy to you for your files, and spread the approved predevelopment funds in LOCCS, making them available for drawdown.

Environmental Review

Article IX.1.b of the Grant Agreement prohibits the release of any grant funds until HUD has notified the Grantee in writing of its Environmental Approval of the Revitalization Plan (except for costs associated with those referenced in Article IX.2(b).iii of the Grant Agreement).

Authorization in LOCCS

In order to access funds, at least two PHA staff members must be authorized in LOCCS, HUD's grant payment system. Banking information also must be submitted to HUD. If you are not familiar with LOCCS, Guidance can be found in Chapter 2.H of the HOPE VI Guidebook.

We are looking forward to working with you as you carry out public housing revitalization efforts in your community. Please feel free to call your HUD Grant Manager if you have any questions regarding your grant.

Sincerely,

Elinor R. Baeon
Deputy Assistant Secretary
Office of Public Housing Investments

Enclosures

stance Award/
endment

U.S. Department of Housing and Urban Development
Office of Administration

FT WORTH ACCT CTR

| | | | |
|---|---|---|---|
| Assistance Instrument: Cooperative Agreement [X] Grant | | 2. Type of Action: [X] Award [ ] Amendment | |
| 3. Grant Number: CA06R011197 | 4. Amendment Number | 5. Effective Date of this Action | 6. Control Number |
| 7a. Name and Address of Recipient: San Francisco Housing Authority, 440 Turk Street, San Francisco, CA 94102 | | 8. HUD Administering Office: Office of Public Housing Investments | |
| | | 8a. Name of Administrator: Elinor R. Bacon | 8b. Telephone Number: (202) 401-8812 |
| 7b. Recipient Project Manager | | 9. HUD Government Technical Representative | |
| 11. Assistance Arrangement: [ ] Cost Reimbursement [ ] Cost Sharing [ ] Fixed Price | 12. Payment Method: [ ] Treasury Check Reimbursement [ ] Advance Check [X] Automated Clearinghouse | 13. HUD Payment Office: Office of Finance and Accounting | |

| 14. Assistance Amount | | 15. HUD Accounting and Appropriation Data | | |
|---|---|---|---|---|
| Previous HUD Amount | $ 0.00 | 15a. Appropriation Number | 15b. Reservation Number: 96X0128 | |
| HUD Amount this action | $ 23,230,541.00 | | | |
| Total HUD Amount | $ 23,230,541.00 | Amount Previously Obligated | $ | 0. |
| Recipient Amount | $ | Obligation by this action | $ | 23,230,541. |
| Total Instrument Amount | $ 23,230,541.00 | Total Obligation | $ | 23,230,541. |

16. Description: VI Revitalization Grant - Valencia Gardens

CA-6002959

URD

FI# FISL [ ]
TABLE/DOC 176 SR# A3
APP BY 801
DATE URD-X-1-00-00 B205

HUD OFFICE OF PUBLIC HOUSING
TEXAS AREA OFFICE

| | | | |
|---|---|---|---|
| [X] Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office. | | 18. [ ] Recipient is not required to sign this document. | |
| 17. Recipient (By Name): | | 19. HUD (By Name): | |
| Signature & Title: Rosie Davis, Executive Dir. | Date: 4/29/98 | Signature & Title: Harold Lucas A/S PIH | Date: 12/9/98 |

Previous editions are obsolete

form HUD-1044 (8/
ref. Handbook 2210

## EXHIBIT C: NARRATIVE OF PROPOSED ACTIVITIES

1. Valencia Gardens comprises 246 original dwelling units in 22 buildings. All units and buildings are proposed for demolition using funds from this HOPE VI Demolition Grant Application. None of the original 246 dwelling units has been demolished or disposed of previously.

2. In addition to the dwelling units, there is at least 48,422 square feet of non-dwelling structures directly related to the dwelling units, including a childcare center, management and maintenance offices, community rooms, a senior center, mechanical rooms, laundry rooms and storage. These non-dwelling uses are housed on the lowest level of the 22 four-story buildings and must be abated and demolished to allow reconstruction under the HOPE VI Revitalization Grant.

3. Partial site demolition is not contemplated. The site will be restored to a clean condition by removing all demolished materials and filling the excavations resulting from demolition of basements, foundations, and underground utilities.

4. The extreme shortage of housing in San Francisco, with about one percent vacancy rate in the most expensive housing market in the United States, means that the 268 units proposed for SFHA property are expected to be occupied immediately after completion. The lack of alternative sites for public housing development and the extreme lack of affordable housing in San Francisco has led the SFHA Commission to establish a one-for-one public housing replacement policy to ensure no loss of public housing units in San Francisco. The low density of the site, much lower than middle-class and upscale San Francisco neighborhoods, allows for the development of additional units that will result in a broad range of incomes and tenancies at Valencia Gardens. The planned site will represent a highly beneficial addition to a housing market starved for choices. With over 24,000 families in the public housing list and over 26,000 families in the Section 8 waiting list, San Francisco housing shortage is eminent.

   San Francisco's May, 2000 HUD-approved Consolidated Plan identifies the need for revitalization of severely distressed public housing in San Francisco. Section II of the Plan discusses the status of Housing and Community Development Needs and states: "...Some structures at (many) sites are so severely distressed that replacement or substantial rehabilitation is needed." The Plan indicates that: "the SFHA provides for over 6,000 public housing households... the emphasis is on improving the existing stock of housing while increasing housing opportunities where feasible..." The Plan allows us to reclaim and repair the blighted and abandoned sites within the existing vibrant neighborhoods with modernization, new construction and infill development."

   Further, the Plan notes that given the extremely limited affordable housing supply, revitalization of existing public housing and improvement of existing housing deficiencies is a priority. Erosion in physical condition and livability of San Francisco's public housing stock puts affordable housing resources at risk. The Plan also argues that limited land for housing development, reduction in Section 8 assistance, trends for conversion of formerly assisted housing to market rate coupled with an approximate one percent city-wide rental vacancy rate together create even further need for maintenance of all available low income housing. Acquisition and rehabilitation activities to preserve the physical condition and affordability of existing subsidized housing for households earning up to 50 percent of the median income is in the first tier of priorities under the Plan, with the five-year goal of preserving over 13,000 units.

   The 1998 Analysis of Impediments to Fair Housing Choice (the Analysis) includes policies to preserve existing affordable housing and communities. It states: "Recommendations to further fair housing in San Francisco include maximizing the resources which are made available to developing affordable
   to make existing housing (especially public housing) accessible to all." The demand for housing at all income levels exceeds supply and the overall housing crisis results in an impediment to housing for all but the most privileged. This crisis exacerbates the need to revitalize public housing properties to ensure fair housing choice. Maintenance and utilization of all housing stock, particularly affordable and public housing, is implicit in the strategy to maintain fair housing opportunities. The Analysis does not specifically target severely distressed

public housing as an impediment to fair housing choice. However, the policies identified to improve low-income housing by increasing the supply of affordable units and improving existing affordable housing stock, serve to meet the goal of overcoming impediments to fair housing for low-income households. Revision to the Analysis is anticipated by the Mayor's Office of Community Development by 2003 to directly identify distressed public housing as an impediment to fair housing and reflect concerns expressed in the Plan.

5. Proposed Plan: A new mixed income 268 unit residential community will be built on the site based on HOPE VI and New Urbanism concepts, and as described in the HOPE VI Revitalization Plan, including 226 family and 42 senior apartments, plus a childcare center, computer learning center, community rooms, resident association office, and management and maintenance offices.

   Proposed Resources: Mission Housing Development Corporation (MHDC) is the Developer Partner. The November 2001 Memorandum of Understanding and Predevelopment Loan Agreement has the SFHA responsible for relocation and all existing tenants issues, with MHDC responsible for predevelopment approvals, financing commitments, and managing the demolition and construction. Since 1971, MHDC has developed and manages 1,152 units of affordable housing in San Francisco, and has an additional 329 units in development.

   The SFHA received over $118.5 million in HOPE VI grants for five sites. Three are completed and occupied, one is in construction, and Valencia Gardens is in final pre-development. The combined SFHA HOPE VI total will be 1,157 units.

   The family housing will serve 135 public housing families, 38 Section 8 families, and 53 working families that qualify for the Low Income Housing Tax Credit program. All senior apartments will have Section 8 Project Based subsidies. The proposed sources of funds are:

| | |
|---|---|
| HOPE VI Revitalization Grant | $23,230,641 |
| HOPE VI Demolition Grant | $ 2,284,698 |
| California State Multifamily Housing Program | $ 7,000,000 |
| Limited Partner Equity (4% Tax Credits) | $20,537,167 |
| Private Mortgage Financing | $ 9,592,000 |
| CAL HFA Deferred Loan | $ 1,000,000 |
| General Partner Equity | $ 1,200,000 |
| Local Funds – Mayor's Office of Housing | $ 2,683,592 |
| TOTAL | **$67,528,098** |

6. Prior HUD public housing grant assistance to Valencia Gardens in the past 10 years, including any public housing funds received for Capital Improvements, totals $2,266,336. The entire development was assisted by these funds. The annual totals are:

CFP 2000 - $3,097
CGP 1998 - $224,826
CGP 1997 - $177,596
CGP 1996 - $55,870
CGP 1995 - $510,857
CGP 1994 - $52,352
CGP 1993 - $439,569
CGP 1992 - $21,301
CIAP 919 - $17,412
CIAP 918 - $762,456

## Total Development Cost (TDC) Limit and Housing Cost Cap (HCC) Revitalization Grant Analysis FY 2003

| |
|---|
| Valencia Gardens HOPE VI Revitalization |
| San Francisco Housing Authority |
| 9-Apr-03 |
| HUD TDC Cap and Housing Cost Cap Limits Published in Notice PIH 2001-22 |

### Housing Cost Cap (HCC) Limit and Total Development Cost (TDC) Limit Calculations

| Structure Type | BRs | PH Replacement Units (rehabilitation of existing PH) | PH Replacement Units (development or acquisition) | HCC per Unit in this Locality | Housing Cost Cap (HCC) Total | TDC Cap per Unit in this Locality | Total Development Cost (TDC) Total |
|---|---|---|---|---|---|---|---|
| Elevator | 1 | 0 | 0 | $ 77,752 | $ - | $ 124,420 | $ - |
| Elevator | 2 | 0 | 0 | $ 99,980 | $ - | $ 159,968 | $ - |
| Elevator | 3 | 0 | 0 | $ 133,307 | $ - | $ 213,291 | $ - |
| Elevator | 4 | 0 | 0 | $ 266,614 | $ - | $ 266,614 | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| Rowhouse | 1 | 0 | 10 | $ 78,498 | $ 784,980 | $ 137,372 | $ 1,373,720 |
| Rowhouse | 2 | 0 | 60 | $ 101,822 | $ 6,109,320 | $ 178,188 | $ 10,691,280 |
| Rowhouse | 3 | 0 | 60 | $ 122,517 | $ 7,351,020 | $ 214,405 | $ 12,854,300 |
| Rowhouse | 4 | 0 | 5 | $ 144,229 | $ 721,145 | $ 252,400 | $ 1,262,000 |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| **Totals** | | **0** | **135** | | **$ 14,966,465** | | **$ 26,191,300** |

| | |
|---|---|
| Public housing units to be demolished -- total for **all phases** of the project | 246 |
| (Less) public housing units to be replaced on original site -- total for **all phases** of the project | (135) |
| Public housing units demolished and not replaced on the original site -- total for **all phases** of the project | 111 |

| | | |
|---|---|---|
| **HUD Public Housing (PH) Sources** | | |
| **HOPE VI Funds:** | | |
| HOPE VI **revitalization** grant | $ 23,230,641 | |
| HOPE VI **demolition-only** grant | $ - | |
| Other **HUD Public Housing (PH) Funds:** | $ - | |
| Development funds | $ - | |
| Modernization, CIAP or other capital funds for development | $ - | |
| Modernization, CIAP or other capital funds for rehabilitation | $ - | |
| **Total HUD Public Housing Sources** | | $ 23,230,641 |

| HUD Public Housing Fund Uses (TDC calculation) | | | | |
|---|---|---|---|---|
| Community and Supportive Services (CSS) | 1408 | $ 1,230,000 | | |
| Management Improvements | 1408 | $ - | | |
| Administration, PHA | 1410 | $ 1,300,000 | | |
| Fees & costs, planning, prog mgmt, ins., initial op. deficit, etc. | 1430 | $ 5,868,223 | | |
| Site acquisition | 1440 | $ - | | |
| Site improvements & infrastructure, public right-of-way & common areas | 1450 | $ - | | |
| Dwelling structure rehab & dev, w/OH&P, finish landscaping, contingency | 1460 | $ 10,452,065 | | |
| Dwelling equipment | 1465 | $ - | | |
| Non-dwelling structures/community facilities | 1470 | $ - | | |
| Non-dwelling equipment | 1475 | $ 30,000 | | |
| Demolition and environmental remediation | 1485 | $ 2,950,353 | | |
| Relocation | 1495 | $ 1,400,000 | | |
| **Total HUD Public Housing Fund Uses** | | | $ 23,230,641 | (Total Uses must equal Total Sources above) |

| | | | | |
|---|---|---|---|---|
| **Excluded Demolition and Abatement Cost** | | | | |
| Total PH unit demolition and environmental abatement cost | $ 2,950,353 | | | |
| Less demo/abate cost for PH units replaced on-site | $ (1,619,096) | | | |
| **Excluded Demolition & Abatement Cost, Net** | | $ 1,331,257 | | |
| **Excluded Community Renewal and CSS Costs** | | | | |
| Community and Supportive Services (CSS) | $ 1,230,000 | | | |
| Extraordinary site work cost | $ - | | | |
| Extraordinary site work, design cost of | $ - | | | |
| **Total Excluded CR and CSS Costs** | | $ 1,230,000 | | |
| **Total Excluded Costs** | | | $ (2,561,257) | |
| **Total Uses Included in TDC** | | | $ 20,669,384 | |
| **Total Development Cost Cap** | | | $ 26,191,300 | **TDC as % of TDC Cap** 78.92% |

| Housing Cost Cap Uses (HCC calculation) | | | | |
|---|---|---|---|---|
| Dwelling structures, builder's OH&P, & contingency | 1460 | | $ 10,452,065 | |
| (Less) extraordinary site work costs -- only if included in 1460 | (1460) | | $ - | |
| Plus dwelling equipment | 1465 | | $ - | |
| **Total Housing Costs** | | | $ 10,452,065 | |
| **Housing Cost Cap** | | | $ 14,966,465 | **Housing Cost as % of HC Cap** 69.84% |

## Total Development Cost (TDC) Limit and Housing Cost Cap (HCC) Analysis With Demo Grant FY 2003

Valencia Gardens HOPE VI Revitalization
San Francisco Housing Authority
9-Apr-03
HUD TDC Cap and Housing Cost Cap Limits Published in Notice PIH 2001-22

### Housing Cost Cap (HCC) Limit and Total Development Cost (TDC) Limit Calculations

| Structure Type | BRs | PH Replacement Units (rehabilitation of existing PH) | PH Replacement Units (development or acquisition) | HCC per Unit in this Locality | Housing Cost Cap (HCC) Total | TDC Cap per Unit in this Locality | Total Development Cost (TDC) Total |
|---|---|---|---|---|---|---|---|
| Elevator | 1 | 0 | 0 | $ 77,762 | $ - | $ 124,420 | $ - |
| Elevator | 2 | 0 | 0 | $ 99,980 | $ - | $ 159,968 | $ - |
| Elevator | 3 | 0 | 0 | $ 133,307 | $ - | $ 213,291 | $ - |
| Elevator | 4 | 0 | 0 | $ 266,614 | $ - | $ 266,614 | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| Rowhouse | 1 | 0 | 10 | $ 78,498 | $ 784,980 | $ 137,372 | $ 1,373,720 |
| Rowhouse | 2 | 0 | 60 | $ 101,822 | $ 6,109,320 | $ 178,188 | $ 10,691,280 |
| Rowhouse | 3 | 0 | 60 | $ 122,517 | $ 7,351,020 | $ 214,405 | $ 12,864,300 |
| Rowhouse | 4 | 0 | 5 | $ 144,229 | $ 721,145 | $ 252,400 | $ 1,262,000 |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| **Totals** | | **0** | **135** | | **$ 14,966,465** | | **$ 26,191,300** |

| | |
|---|---|
| Public housing units to be demolished -- total for **all phases** of the project | 246 |
| (Less) public housing units to be replaced on original site -- total for **all phases** of the project | (135) |
| Public housing units demolished and not replaced on the original site -- total for **all phases** of the project | 111 |

| | | |
|---|---|---|
| **Public Housing (PH) Sources** | | |
| **HOPE VI Funds:** | | |
| HOPE VI **revitalization** grant | $ 23,230,641 | |
| HOPE VI **demolition-only** grant | $ 2,284,698 | |
| **Other HUD Public Housing (PH) Funds:** | $ - | |
| PH development funds | $ - | |
| PH modernization, CIAP or other capital funds for development | $ - | |
| PH modernization, CIAP or other capital funds for rehabilitation | $ - | |
| **Total HUD Public Housing Sources** | | $ 25,515,339 |

### HUD Public Housing Fund Uses (TDC calculation)

| | | | | |
|---|---|---|---|---|
| Community and Supportive Services (CSS) | 1408 | $ 1,230,000 | | |
| Management Improvements | 1408 | $ - | | |
| Administration, PHA | 1410 | $ 1,300,000 | | |
| Fees & costs, planning, prog mgmt, ins., initial op. deficit, etc. | 1430 | $ 5,868,223 | | |
| Site acquisition | 1440 | $ - | | |
| Site improvements & infrastructure, public right-of-way & common areas | 1450 | $ - | | |
| Dwelling structure rehab & dev, w/OH&P, finish landscaping, contingency | 1460 | $ 12,736,763 | | |
| Dwelling equipment | 1465 | $ - | | |
| Non-dwelling structures/community facilities | 1470 | $ - | | |
| Non-dwelling equipment | 1475 | $ 30,000 | | |
| Demolition and environmental remediation | 1485 | $ 2,950,353 | | |
| Relocation | 1495 | $ 1,400,000 | | |
| **Total HUD Public Housing Fund Uses** | | | $ 25,515,339 | (Total Uses must equal Total Sources above) |

| | | | |
|---|---|---|---|
| **Excluded Demolition and Abatement Cost** | | | |
| Total PH unit demolition and environmental abatement cost | $ 2,950,353 | | |
| Less demo/abate cost for PH units replaced on-site | $ (1,619,096) | | |
| **Excluded Demolition & Abatement Cost, Net** | | $ 1,331,257 | |
| **Excluded Community Renewal and CSS Costs** | | | |
| Community and Supportive Services (CSS) | $ 1,230,000 | | |
| Extraordinary site work cost | $ - | | |
| Extraordinary site work, design cost of | $ - | | |
| **Total Excluded CR and CSS Costs** | | $ 1,230,000 | |
| **Total Excluded Costs** | | | $ (2,561,257) |
| **Total Uses Included in TDC** | | | **$ 22,954,082** |
| **Total Development Cost Cap** | | | **$ 26,191,300** |

**TDC as % of TDC Cap: 87.64%**

### Housing Cost Cap Uses (HCC calculation)

| | | |
|---|---|---|
| Dwelling structures, builder's OH&P, & contingency | 1460 | $ 12,736,763 |
| (Less) extraordinary site work costs -- only if included in 1460 | (1460) | $ - |
| Plus dwelling equipment | 1465 | $ - |
| **Total Housing Costs** | | **$ 12,736,763** |
| **Housing Cost Cap** | | **$ 14,966,465** |

**Housing Cost as % of HC Cap: 85.10%**

U.S. Department of Housing and Urban Development
Pacific/Hawaii
California State Office
450 Golden Gate Avenue
San Francisco, California 94102-3448

APR 17 2003

Mr. Gregg Fortner
Executive Director
San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102

Dear Mr. Fortner:

SUBJECT: Relocation Plan for Valencia Gardens
HOPE VI Project

This is in response to your letter dated February 13, 2003, transmitting the revised Relocation Plan for Valencia Gardens. Our office of Community Planning and Development has reviewed and approved the relocation plan for this development. A copy of their approval is attached.

Should you have any questions, please do not hesitate to call Natalia Lawrence, PHRS/HOPE VI Coordinator, at (415) 436-8128.

Sincerely,

Original signed by Joyce L. Lee

Joyce L. Lee
Director
Office of Public Housing

Attachment

9APH Official File
9APH Chron
9APH Lawrence
Ron Bedford

Concur: 9APH Lawrence 9APH Zinnerman

Melissa/Natalia

U.S. Department of Housing and Urban Development

Pacific/Hawaii
California State Office
450 Golden Gate Avenue
San Francisco, California 94102-3448

MAR 27 2002

MEMORANDUM: Joyce Lee, Director, Public Housing Division
California State Office of HUD, 9APH

Jim Prater

FROM: Jimmy Prater, Deputy Director, Community Planning
And Development Division, California State Office of
HUD, 9ADM1

SUBJECT: San Francisco Housing Authority
Valencia Gardens HOPE VI
Revised Relocation Plan

The CPD Division has completed its review of the revised subject plan and has approved it. Please convey our approval of the plan to the SFHA.

If SFHA staff has questions regarding relocation, have them call Jay Smith at (415) 436-8173, or me at (415) 436-6592.

cc: Natalia Lawrence

## EXHIBIT F: PROGRAM SCHEDULE

| | |
|---|---|
| Complete Temporary Relocation of Residents Currently On-Site | July 2003 |
| NEPA Review and Approvals | July 2003 |
| Demolition Permit | July 2003 |
| Demolition Grant Agreement* | August 2003 |
| Demolition Start | August 2003 |
| Abatement | October 2003 |
| Demolition | November 2003 |
| Demolition Completion | November 2003 |

*This schedule may be extended depending on when HUD executes the Demolition Grant Agreement.

## EXHIBIT G: GRANT LIMITATIONS WORKSHEET

1. Demolition. Number of dwelling units approved for demolition:

| | | | |
|---|---|---|---|
| 246 | x | $6,000 | $ 1,476,000.00 |

2. Relocation/Self-Sufficiency. Number of dwelling units approved for demolition that are **occupied** as of the date of the HOPE VI Demolition Application submission:

| | | | |
|---|---|---|---|
| 60 | x | $3,000 | $ 180,000.00 |

3. Nondwelling Structures $ 628,698.00

4. Total allowable cost (1 + 2 + 3) $ 2,284,698.00

5. Total funds requested $ 2,284,698.00

## Total Development Cost (TDC) Limit and Housing Cost Cap (HCC) Revitalization Grant Analysis FY 2003

**Valencia Gardens HOPE VI Revitalization**
**San Francisco Housing Authority**
**9-Apr-03**
**HUD TDC Cap and Housing Cost Cap Limits Published in Notice PIH 2001-22**

### Housing Cost Cap (HCC) Limit and Total Development Cost (TDC) Limit Calculations

| Structure Type | BRs | PH Replacement Units (rehabilitation of existing PH) | PH Replacement Units (development or acquisition) | HCC per Unit in this Locality | Housing Cost Cap (HCC) Total | TDC Cap per Unit in this Locality | Total Development Cost (TDC) Total |
|---|---|---|---|---|---|---|---|
| Elevator | 1 | 0 | 0 | $ 77,762 | $ - | $ 124,420 | $ - |
| Elevator | 2 | 0 | 0 | $ 99,980 | $ - | $ 159,968 | $ - |
| Elevator | 3 | 0 | 0 | $ 133,307 | $ - | $ 213,291 | $ - |
| Elevator | 4 | 0 | 0 | $ 266,614 | $ - | $ 266,614 | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| Rowhouse | 1 | 0 | 10 | $ 78,498 | $ 784,980 | $ 137,372 | $ 1,373,720 |
| Rowhouse | 2 | 0 | 60 | $ 101,822 | $ 6,109,320 | $ 178,188 | $ 10,691,280 |
| Rowhouse | 3 | 0 | 60 | $ 122,517 | $ 7,351,020 | $ 214,405 | $ 12,864,300 |
| Rowhouse | 4 | 0 | 5 | $ 144,229 | $ 721,145 | $ 252,400 | $ 1,262,000 |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| **Totals** | | **0** | **135** | | **$ 14,966,465** | | **$ 26,191,300** |

| | |
|---|---|
| Public housing units to be demolished -- total for **all phases** of the project | 246 |
| (Less) public housing units to be replaced on original site -- total for **all phases** of the project | (135) |
| Public housing units demolished and not replaced on the original site -- total for **all phases** of the project | 111 |

**HUD Public Housing (PH) Sources**

| | | |
|---|---|---|
| **HOPE VI Funds:** | | |
| HOPE VI **revitalization** grant | $ 23,230,641 | |
| HOPE VI **demolition-only** grant | $ - | |
| **Other HUD Public Housing (PH) Funds:** | $ - | |
| PH development funds | $ - | |
| PH modernization, CIAP or other capital funds for development | $ - | |
| PH modernization, CIAP or other capital funds for rehabilitation | $ - | |
| **Total HUD Public Housing Sources** | | $ 23,230,641 |

### HUD Public Housing Fund Uses (TDC calculation)

| | | | |
|---|---|---|---|
| Community and Supportive Services (CSS) | 1408 | $ 1,230,000 | |
| Management Improvements | 1408 | $ - | |
| Administration, PHA | 1410 | $ 1,300,000 | |
| Fees & costs, planning, prog mgmt, ins., initial op. deficit, etc. | 1430 | $ 5,868,223 | |
| Site acquisition | 1440 | $ - | |
| Site improvements & infrastructure, public right-of-way & common areas | 1450 | $ - | |
| Dwelling structure rehab & dev, w/OH&P, finish landscaping, contingency | 1460 | $ 10,452,065 | |
| Dwelling equipment | 1465 | $ - | |
| Non-dwelling structures/community facilities | 1470 | $ - | |
| Non-dwelling equipment | 1475 | $ 30,000 | |
| Demolition and environmental remediation | 1485 | $ 2,950,353 | |
| Relocation | 1495 | $ 1,400,000 | |
| **Total HUD Public Housing Fund Uses** | | | $ 23,230,641 (Total Uses must equal Total Sources above) |

| | | | |
|---|---|---|---|
| **Excluded Demolition and Abatement Cost** | | | |
| Total PH unit demolition and environmental abatement cost | $ 2,950,353 | | |
| Less demo/abate cost for PH units replaced on-site | $ (1,619,096) | | |
| **Excluded Demolition & Abatement Cost, Net** | | $ 1,331,257 | |
| **Excluded Community Renewal and CSS Costs** | | | |
| Community and Supportive Services (CSS) | $ 1,230,000 | | |
| Extraordinary site work cost | $ - | | |
| Extraordinary site work, design cost of | $ - | | |
| **Total Excluded CR and CSS Costs** | | $ 1,230,000 | |
| **Total Excluded Costs** | | | $ (2,561,257) |
| **Total Uses Included in TDC** | | | $ 20,669,384 |
| **Total Development Cost Cap** | | | $ 26,191,300 **TDC as % of TDC Cap** 78.92% |

### Housing Cost Cap Uses (HCC calculation)

| | | |
|---|---|---|
| Dwelling structures, builder's OH&P, & contingency | 1460 | $ 10,452,065 |
| (Less) extraordinary site work costs -- only if included in 1460 | (1460) | $ - |
| Plus dwelling equipment | 1465 | $ - |
| **Total Housing Costs** | | $ 10,452,065 |
| **Housing Cost Cap** | | $ 14,966,465 **Housing Cost as % of HC Cap** 69.84% |

## Total Development Cost (TDC) Limit and Housing Cost Cap (HCC) Analysis With Demo Grant FY 2003

| |
|---|
| Valencia Gardens HOPE VI Revitalization |
| San Francisco Housing Authority |
| 9-Apr-03 |
| HUD TDC Cap and Housing Cost Cap Limits Published in Notice PIH 2001-22 |

**Housing Cost Cap (HCC) Limit and Total Development Cost (TDC) Limit Calculations**

| Structure Type | BRs | PH Replacement Units (rehabilitation of existing PH) | PH Replacement Units (development or acquisition) | HCC per Unit in this Locality | Housing Cost Cap (HCC) Total | TDC Cap per Unit in this Locality | Total Development Cost (TDC) Total |
|---|---|---|---|---|---|---|---|
| Elevator | 1 | 0 | 0 | $ 77,762 | $ - | $ 124,420 | $ - |
| Elevator | 2 | 0 | 0 | $ 99,980 | $ - | $ 159,968 | $ - |
| Elevator | 3 | 0 | 0 | $ 133,307 | $ - | $ 213,291 | $ - |
| Elevator | 4 | 0 | 0 | $ 266,614 | $ - | $ 266,614 | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| Rowhouse | 1 | 0 | 10 | $ 78,498 | $ 784,980 | $ 137,372 | $ 1,373,720 |
| Rowhouse | 2 | 0 | 60 | $ 101,822 | $ 6,109,320 | $ 178,188 | $ 10,691,280 |
| Rowhouse | 3 | 0 | 60 | $ 122,517 | $ 7,351,020 | $ 214,405 | $ 12,864,300 |
| Rowhouse | 4 | 0 | 5 | $ 144,229 | $ 721,145 | $ 252,400 | $ 1,262,000 |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| | | 0 | 0 | $ - | $ - | $ - | $ - |
| **Totals** | | **0** | **135** | | **$ 14,966,465** | | **$ 26,191,300** |

| | |
|---|---|
| Public housing units to be demolished -- total for **all phases** of the project | 246 |
| (Less) public housing units to be replaced on original site -- total for **all phases** of the project | (135) |
| Public housing units demolished and not replaced on the original site -- total for **all phases** of the project | 111 |

**HUD Public Housing (PH) Sources**

| | | | |
|---|---|---|---|
| **HOPE VI Funds:** | | | |
| HOPE VI **revitalization** grant | | $ 23,230,641 | |
| HOPE VI **demolition-only** grant | | $ 2,284,698 | |
| **Other HUD Public Housing (PH) Funds:** | | $ - | |
| PH development funds | | $ - | |
| PH modernization, CIAP or other capital funds for development | | $ - | |
| PH modernization, CIAP or other capital funds for rehabilitation | | $ - | |
| **Total HUD Public Housing Sources** | | | $ 25,515,339 |

**HUD Public Housing Fund Uses (TDC calculation)**

| | | | | | |
|---|---|---|---|---|---|
| Community and Supportive Services (CSS) | 1408 | | $ 1,230,000 | | |
| Management Improvements | 1408 | | $ - | | |
| Administration, PHA | 1410 | | $ 1,300,000 | | |
| Fees & costs, planning, prog mgmt, ins., initial op. deficit, etc. | 1430 | | $ 5,868,223 | | |
| Site acquisition | 1440 | | $ - | | |
| Site improvements & infrastructure, public right-of-way & common areas | 1450 | | $ - | | |
| Dwelling structure rehab & dev, w/OH&P, finish landscaping, contingency | 1460 | | $ 12,736,763 | | |
| Dwelling equipment | 1465 | | $ - | | |
| Non-dwelling structures/community facilities | 1470 | | $ - | | |
| Non-dwelling equipment | 1475 | | $ 30,000 | | |
| Demolition and environmental remediation | 1485 | | $ 2,950,353 | | |
| Relocation | 1495 | | $ 1,400,000 | | |
| **Total HUD Public Housing Fund Uses** | | | | $ 25,515,339 | (Total Uses must equal Total Sources above) |
| | | | | | |
| **Excluded Demolition and Abatement Cost** | | | | | |
| Total PH unit demolition and environmental abatement cost | | $ 2,950,353 | | | |
| Less demo/abate cost for PH units replaced on-site | | $ (1,619,096) | | | |
| **Excluded Demolition & Abatement Cost, Net** | | | $ 1,331,257 | | |
| | | | | | |
| **Excluded Community Renewal and CSS Costs** | | | | | |
| Community and Supportive Services (CSS) | | $ 1,230,000 | | | |
| Extraordinary site work cost | | $ - | | | |
| Extraordinary site work, design cost of | | $ - | | | |
| **Total Excluded CR and CSS Costs** | | | $ 1,230,000 | | |
| **Total Excluded Costs** | | | | $ (2,561,257) | |
| **Total Uses Included in TDC** | | | | $ 22,954,082 | |
| | | | | | |
| **Total Development Cost Cap** | | | | $ 26,191,300 | **TDC as % of TDC Cap** **87.64%** |

**Housing Cost Cap Uses (HCC calculation)**

| | | | |
|---|---|---|---|
| Dwelling structures, builder's OH&P, & contingency | 1460 | $ 12,736,763 | |
| (Less) extraordinary site work costs -- only if included in 1460 | (1460) | $ - | |
| Plus dwelling equipment | 1465 | $ - | |
| **Total Housing Costs** | | $ 12,736,763 | |
| | | | |
| **Housing Cost Cap** | | $ 14,966,465 | **Housing Cost as % of HC Cap** **85.10%** |

Copy

## NONDWELLING STRUCTURES COST CERTIFICATION

I hereby certify that:

1. I am licensed as an engineer _____ or architect ✓ (check one) by the licensing board for the state in which the public housing project identified below is located.

2. I am not an employee of the applicant public housing authority or unit of local government in which the public housing project identified below is located.

3. Costs to demolish significant nondwelling structures may be incurred in conjunction with the demolition of severely distressed public housing as part of a HOPE VI Demolition Grant Application. Examples of eligible demolition costs related to significant nondwelling structures include, but are not limited to, the demolition of heating plants, community buildings, or streets on the site of the severely distressed project.

4. I have reviewed the attached description and calculation of costs for the demolition of significant nondwelling structures related to the demolition of dwelling units at the site identified below, as requested by the applicant Housing Authority listed below, and affirm that those costs qualify as allowable nondwelling structures costs (as defined in Paragraph 3 above) and are justified and reasonable in light of my assessment of the site of the project and the proposed work to be completed.

Name: Paul C. Fritz

Signature: Paul C. Fritz 4.17.03
Date

License number: C28117 State of Registration: California

Applicant PHA: San Francisco Housing Authority

Development Name: Valencia Gardens

Required Attachment: Description of proposed demolition of nondwelling structures and itemized listing of costs.

Warning: HUD will prosecute false claims and statements. Conviction may result in the imposition of criminal and civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

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# ATTACHMENT TO NONDWELLING STRUCTURES COST CERTIFICATION

This opinion of probable cost has been prepared to reflect the anticipated demolition cost for the Valencia Gardens housing development located in San Francisco, CA. This estimate was prepared for the purpose of determining the budget at this stage.

The following documentation provided by the San Francisco Housing Authority was used in preparation of this opinion:

- Original construction drawings prepared by Harry A. Thomsen Jr. and William Wilson Wurster dated 03-10-41.
- Description of the reports of environmental testing and assessment for lead based paint and asbestos-containing materials at Valencia Gardens dated December 6, 1994 and August 1994, respectively.
- Concept Design Estimate prepared by Saylor Consulting Group dated 02/28/02.

The following items are excluded:

- Consultant fees and expenses
- Permits
- Contaminated soil removal
- Contingency during demolition work
- Legal and financing costs

Items which may change the estimated demolition cost include, but are not limited to:

- Modifications to the scope of work included in this estimate
- Unforeseen sub-surface conditions
- Restrictive technical specifications or excessive contract conditions
- Non-competitive bid conditions
- Bids delayed beyond the projected schedule of demolition completion in 2003

Since the Architect/Engineer has no control over the cost of labor, materials, or equipment, or over the contractor's method of determining prices, or over competitive bidding or market conditions, the opinion of probable demolition cost provided for herein is made on the basis of professional experience and qualifications. The opinion represents the Architect/Engineer's best judgment as a professional consultant familiar with the construction industry; however, there is no guarantee the proposals, bids, or the construction cost will not vary from opinions of probable cost.

Costs to Demolish Significant Nondwelling Structures:

| Description of Item | | Cost |
|---|---|---|
| Abatement | $ | 145,326 |
| Demolition | | 387,536 |
| General Conditions | | 31,792 |
| Contractor's Overhead | | 11,297 |
| Contractor's Profit | | 34,568 |
| Contractor' Total Costs | $ | 610,698 |
| Conservator's Cost of Removal and Storage of Historic Public Art in Community Spaces | $ | 18,000 |
| Total Costs to Demolish Significant Nondwelling Structures | $ | 628,698 |

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**SAN FRANCISCO HOUSING AUTHORITY**

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

**DATE:** April 18, 2003

**TO:** SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Rev. George Woodruff, Commissioner*

**FROM:** GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

**SUBJECT:** RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AN AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS

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## OVERVIEW

This resolution authorizes the Executive Director to execute documents and take actions related to the financing of Plaza East apartments that will avoid a reduction in the amount of eligible Low Income Housing Tax Credit (LIHTC) basis necessary to generate the projected tax credits and the equity infusion into the project. Prior to executing any amendments to Plaza East documents, the Executive Director will obtain an Indemnification Agreement from McCormack Baron Salazar and Associates (MBA) that states that MBA (a) is requesting specific modifications to specific documents and (b) agrees to indemnify the SFHA from all costs and liabilities resulting from these modifications.

## OBJECTIVES

The objectives of the Resolution are to:

1. Obtain an Indemnification Agreement from MBA that states that MBA (a) is requesting specific modifications to specific documents and (b) agrees to indemnify the SFHA from all costs and liabilities resulting from these modifications.
2. Amend the Assignment of Development Rights between the SFHA and the Partnership to modify the costs assumed by the Partnership.
3. Amend the Bridge Loan Note payable to the Investment Partnership.
4. Amend the Subgrant Agreement between the SFHA and the SFHA Housing Corporation.
5. Amend the Partnership Agreement.
6. Modify the SFHA Housing Corporation 0% Loan Documents.
7. Authorize the Executive Director to take other such actions as are necessary to effect the transactions described above or contemplated above subject to required HUD and SFHA legal counsel approvals.

## PRESENT SITUATION

On July 27, 2000, the SFHA Commission approved Resolution Number 4922 and authorized the Executive Director to execute documents, take actions pertaining to the financing of Plaza East, and submit to HUD the HOPE VI Mixed Finance Closing Documents for the Plaza East Revitalization that replaced the old Yerba Buena Plaza East public housing project with 193 new public housing units (the "Development"). These documents included, but are not limited to:

1. Mixed Finance Amendment to the Annual Contributions Contract (ACC) allowing ACC payments to be made to the Development.

2. Declaration of Trust and Restrictive Conveyance that passes on the HUD restrictions on the use of land to the 193 public housing units for the duration of the ACC.

3. Residential Ground Lease under which SFHA leases the land to Plaza East Associates, L.P. (the "Partnership"), which Partnership consists of Plaza East Housing Corporation ("Managing General Partner"), MBA Urban Development Co. ("Development General Partner"), SunAmerica Housing Fund 893, A Nevada Limited Partnership ("Investment Partnership") and SLP Housing I, LLC ("Special Limited Partner"), for a term of seventy five (75) years. The SFHA continues to own the land and passes on public housing restrictions through the Regulatory and Operating Agreement.

4. Regulatory and Operating Agreement which passes the ACC subsidy to the Partnership and imposes the public housing restrictions, including categories of tenants eligible for units.

5. Financing documents that provide for the transfer of HOPE VI funds to SFHA Housing Corporation under a Subgrant Agreement and a 0% loan by SFHA Housing Corporation to the Partnership in the amount of $11,064,813.

6. Financing documents that provide for the transfer of HOPE VI funds to Plaza East Housing Corporation under a Subgrant Agreement and a loan in the amount of $2,700,000 with an interest rate at the Applicable Federal Rate (AFR) by Plaza East Housing Corporation to the Partnership.

7. Option and Right of First Refusal that gives the SFHA the option to purchase the improvements after the compliance period.

8. Management Agreement that provides for private management to manage the Development.

9. Management Plan that specifies in detail who is eligible for residency, how the residents will be selected and how the Development will be managed.

10. Hope VI Rental Term Sheet that summarizes the revitalization, financing and parties involved in the transaction.

11. Certifications and Memoranda pursuant to HOPE VI Program requirements and legal opinions required by HUD.

On September 18, 2000, the tax credit syndication of Plaza East closed and the SFHA assigned its development rights, tax credit reservation fee, plans and specifications, contracts and costs incurred to the Partnership. The assignment included the $3,703,505 of costs, including demolition costs of $1,614,504, site work costs of $758,509 and architecture costs of $1,330,492, incurred by the SFHA to meet the 10 percent Carryover Allocation requirement. For non-bond financed projects like Plaza, the project must be placed in service in the same year as the tax credit allocation or there must be a "Carryover Allocation". A Carryover Allocation may occur for new construction if 10 percent of the reasonably expected basis costs were incurred by the end of the Carryover Allocation year. The HOPE VI proceeds allocated to fund the 0% loan from the SFHA Housing Corporation were used to finance these costs as well as other costs incurred by the SFHA. The HOPE VI proceeds allocated to fund the 0% loan from SFHA Housing Corporation were used to finance these 10 percent Carryover Allocation costs as were other costs incurred by SFHA. The total development costs for the Project are approximately $37,066,274, and the Project's eligible basis is projected to be $24,734,379. Eligible basis of a new project is generally the development cost less the cost of land.

Following the Plaza East closing, on October 31, 2000, the Internal Revenue Service (the "IRS") issued a series of rulings that changed the way federally subsidized financing similar to the SFHA

Corporation 0% interest loan was treated for tax credit purposes. A loan using federal funds, such as HOPE VI funds, is considered federally subsidized financing if the interest rate is below market (measured against an index called the Applicable Federal Rate or the "AFR"). The 0% loan is therefore a federally subsidized loan. The IRS ruled that when a project had federally subsidized financing, it must reduce its eligible basis by the entire amount of the subsidized financing, whether or not the subsidized financing had been used on items that were includable in basis. For many years projects had been structured to deduct eligible basis items that had been financed with federally subsidized loans, but no reduction was required for items paid for with federal subsidies if the item had never been included in basis. Now under the IRS recent ruling, even though costs such as demolition were never actually added to the project's eligible basis, the basis had to be reduced by the full amount of the 0% loan.

MBA, the Plaza East developer partner, has now concluded that as a result of these new rules for computing eligible basis, the eligible basis of the project must be reduced by the full amount of the 0% loan ($11,064,813) in order to qualify as a 9 percent tax credit transaction. Consequently, the amount of tax credits generated by the Project would be reduced significantly below the levels originally projected and the equity contributed by the Investment Partnership would be reduced by over $1,100,000.

MBA has proposed a solution to the problem that involves the following steps to be taken between SFHA, the Partnership and the various entities:

1. Amend the Assignment of Development Rights as follows:

   - Increase the amount of the purchase price paid for the development rights by $75,642 for costs incurred by the SFHA for geotechnical engineering and other expenses not otherwise reimbursed by the partnership. This would have the effect of increasing the project's eligible basis for tax credit purposes.

   - Reduce the amount of the purchase price paid by the Partnership for demolition work completed by the SFHA prior to its involvement by $375,642. These costs are part of the SFHA's land costs and will be recovered by the SFHA upon expiration of the Ground Lease when land and improvements revert back to the SFHA. This would have the effect of reducing the 0% loan, thus reducing the amount of federally subsidized financing that must be subtracted from eligible basis for tax credit purposes.

2. Revise the SFHA Housing Corporation 0% Loan Documents by reducing the loan by the net amount of $300,000 to $10,764,813, reflecting the overall reduction in the purchase price of the development rights as stated in #1 above. Revise the Subgrant Agreement between the SFHA and SFHA Housing Corporation by a corresponding amount.

3. Amend the Bridge Loan from the Investment Partnership to provide for interest accruing at the rate of 6 percent per year. This would require the Partnership to pay $507,033 interest on the Bridge Loan; the payment would be made from additional Capital Contributions from the Investment Partnership.

4. Amend the Partnership Agreement to reflect the amendment to the Bridge Loan.

5. The Partnership will contract with Nibbi Brothers to install security screens on the all remaining ground floor street facing units that do not have security screens in an amount not to exceed $88,000, such costs to be borne solely by MBA.

After these modifications, the resulting amounts due to Plaza East Housing Corporation, the first mortgage lender, and the SFHA Housing Corporation, the second mortgage lender, will be as follows:

| | |
|---|---|
| First Mortgage Loan (AFR Loan) | $ 2,700,000 |
| Second Mortgage Loan (0% Loan) | $10,764,813 |
| **Total** | **$13,464,813** |

**BUDGET CONSIDERATIONS**

There will be no loss of tax credits generated by the project and $1,100,000 of equity contributed to the project and MBA will provide security screens for additional apartments at the Development in an amount not to exceed $88,000.

The SFHA will experience one potential loss: the value of the future payment of $300,000 in 0% Loan proceeds. These future payments must be discounted to calculate their present value. Under reasonable assumptions, the current value of this long-delayed future income stream is about $16,000. In addition, the debt would be repaid to the SFHA or its affiliate, if, as is expected, the SFHA or such a designated affiliate assumes ownership of the project after 15 years of operations.

SFHA will not incur any liability as a result of these transactions. MBA will indemnify SFHA for any costs, liabilities or damages it may incur as a result of, or in connection with, these transactions.

**RECOMMENDATION**

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith)

RESOLUTION NO. 5095

DATE ADOPTED 4/24/03

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AN AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS**

WHEREAS, Resolution 4922, adopted on July 27, 2000 (the "Resolution"), authorized the San Francisco Housing Authority ("SFHA") to enter into certain documents which provided for the reconstruction, financing, operation, and management of 193 public housing units on the site of the former Yerba Buena Plaza East project (the "Development"); and

WHEREAS, pursuant to such Resolution, the Executive Director of SFHA entered into, among other things, a Disposition and Development Agreement ("DDA"), Ground Lease, Regulatory and Operating Agreement, and the Assignment of Development Rights with Plaza East Associates, a California Limited Partnership (the "Partnership"), and certain other documents with SFHA's nonprofit corporate affiliates SFHA Housing Corporation and Plaza East Housing Corporation, including two Subgrant Agreements; and

WHEREAS, the Partnership seeks to modify certain of the aforementioned documents, including the Assignment of Development Rights and the Subgrant Agreement to the SFHA Housing Corporation, in order to more accurately reflect abatement and demolition costs in connection with removal of the improvements of the site prior to construction of the Development and to achieve the full benefits of the tax credit financing utilized in the reconstruction and financing of the Development; and

WHEREAS, the revised documents will be submitted to the U.S. Department of Housing and Urban Development ("HUD") for approval, in compliance with requirements of the HOPE VI program; and

WHEREAS, other project documents, including the Partnership's organizational documents and SFHA Housing Corporation's loan documents with the Partnership, will also be revised to reflect these modifications, following separate authorizing resolutions from the boards of directors of SFHA Housing Corporation and Plaza East Housing Corporation, and submitted to HUD for approval; and

WHEREAS, the Partnership has agreed to install security screens at each of the 193 units in the Development, at no cost to SFHA, in connection with the modification of the aforementioned documents;

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into an Amendment to the Assignment of Development Rights and Amendment to Subgrant Agreement (SFHA Housing Corporation); and

WHEREAS, all documents will be subject to any required HUD approvals, as well as to approval by SFHA general and special legal counsel.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:**

1. The SFHA shall enter into an Amendment to the Assignment of Development Rights and Amendment to Subgrant Agreement (SFHA Housing Corporation).

2. The SFHA approves the amendment of the other project documents and their submission to HUD.

3. All of the foregoing resolutions shall take effect only upon HUD approval of the actions and documents described above.

4. The Executive Director of the SFHA, or his designee, is authorized to execute, with such modifications as the Executive Director shall deem necessary or required to effect the intent of these resolutions, and may execute such other documents, and approve and submit the such documents to HUD, and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel.

5. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart

DONNA MARTIN, Managing Attorney

Date: 4-18-03

REVIEWED BY:

Gregg

Gregg Fortner, Executive Director

Date: 4/18/03

# RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: March 27, 2003

DATE Submitted to OGC: March 17, 2003 FROM: Barbara Smith

TITLE: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AGREEMENT, AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS

## APPROVALS

**1. FINANCE**

David Esparza, Finance Administrator

Date_____

**5. OTHER**

_____

Date_____

**2. BUDGET**

_____

Signature

Date_____

_____

Dollar Amount

_____

Account No.

**3. PROCUREMENT**

Rene Latosa, Deputy Administrator/Contracting Officer

Date_____

**6. OFFICE OF GENERAL COUNSEL**

Donna Martin

Donna Martin, Managing Attorney

Date 4-18-03

**4. ADMINISTRATIVE SERVICES**

Michael Roetzer, Administrator

**7. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

| | |
|---|---|
| Date_____ | Date_____ |

# RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: April 24, 2003

DATE Submitted to OGC: March 14, 2003 FROM: Barbara Smith B. T. Smith

TITLE: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AGREEMENT, AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS

## APPROVALS

**1. FINANCE**

David Esparza, Finance Administrator

Date_____

**5. OTHER**

_____

Date_____

**2. BUDGET**

_____
Signature

Date_____

_____
Dollar Amount

_____
Account No.

**3. PROCUREMENT**

Rene Latosa, Deputy Administrator/Contracting Officer

Date_____

**6. OFFICE OF GENERAL COUNSEL**

Donna Martin, Managing Attorney

Date_____

**4. ADMINISTRATIVE SERVICES**

Michael Roetzer, Administrator

**7. EXECUTIVE OFFICE**

Gregg Fortner, Executive Director

# RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: March 27, 2003

DATE Submitted to OGC: March 17, 2003 FROM: Barbara Smith B.T. Smith

TITLE: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF PLAZA EAST APARTMENTS, INCLUDING AGREEMENT, AMENDMENT TO THE ASSIGNMENT OF DEVELOPMENT RIGHTS AND AMENDMENT OF THE SUBGRANT AGREEMENT WITH SFHA HOUSING CORPORATION, AND APPROVAL OF CERTAIN OTHER RELATED DOCUMENTS, INCLUDING AMENDMENT OF THE PARTNERSHIP AGREEMENT, AND MODIFICATION OF THE SFHA HOUSING CORPORATION LOAN DOCUMENTS

## APPROVALS

**1. FINANCE**

Read 3/31/03
David Esparza, Finance Administrator

Date_____

**5. OTHER**

_____

Date_____

**2. BUDGET**

_____
Signature

Date_____

_____
Dollar Amount

_____
Account No.

**3. PROCUREMENT**

_____
Rene Latosa, Deputy Administrator/Contracting Officer

Date_____

**6. OFFICE OF GENERAL COUNSEL**

Read 3/31/03
Donna Martin, Managing Attorney

Date_____

**4. ADMINISTRATIVE SERVICES**

Read 3/31/03
Michael Roetzer, Administrator

**7. EXECUTIVE OFFICE**

_____
Gregg Fortner, Executive Director

Exhibit E-1

**AMENDMENT TO SUBGRANT AGREEMENT**
(SFHA Housing Corporation)

This **AMENDMENT TO SUBGRANT AGREEMENT** ("**Amendment**") is entered into effective as of **September 18, 2000**, between **HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO**, a public body, corporate and politic, organized and existing under the laws of the State of California (the "**Authority**"), and **SFHA HOUSING CORPORATION**, a California nonprofit public benefit corporation (the "**Subgrantee**").

**WHEREAS**, the Authority and the Subgrantee entered into that certain Subgrant Agreement dated September 18, 2000 (the "**Subgrant Agreement**"), to assist in the financing of a 193-unit public housing development to be known as Plaza East Apartments.

**WHEREAS**, the Subgrant Agreement provided for funds in the amount of $11,064,813 to be granted by the Authority to the Subgrantee to fund a loan to Plaza East Associates, L.P. (the "**Owner**") in accordance with the Zero-Interest Loan Agreement (defined below);

**WHEREAS**, the principal amount of the loan has been reduced by $300,000 to $10,764,813 in order to reflect the reduced cost of certain abatement and remediation work on the site, pursuant to that certain Modification of Promissory Note, Leasehold Deed of Trust and Loan Agreement between the Subgrantee and the Owner, dated effective as of September 18, 2000 (the "**Amendment to Zero-Interest Loan Documents**");

**NOW THEREFORE**, in consideration of the above premises, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Subgrant Agreement as follows:

1. **Definitions**: The term "**Zero-Interest Loan Agreement**" means the Zero-Interest Loan Agreement between the Subgrantee and the Owner dated September 18, 2000, as modified by the Amendment to Zero Interest Loan Documents. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Subgrant Agreement.

2. **Second Leasehold Mortgage Loan**. The amount of the second leasehold mortgage loan referred to in Section 1 of Article I is hereby amended to reflect the reduction in the loan principal amount to $10,764,813.

3. **Subgrant Amount**: The total amount of the Subgrant referred to in Section 1, Article II, is hereby reduced by $300,000 to $10,764,813.

4. **Miscellaneous**: As amended herein and hereby, the Subgrant Agreement is confirmed and ratified, and is in full force and effect, as of the date hereof. This instrument shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and permitted assigns. This instrument shall be governed by and construed in accordance with the laws of the State of California. This instrument may be executed in one or more counterparts, which together shall constitute one and the same instrument. This instrument may be executed via facsimile, and the parties agree that facsimile execution hereof shall be binding upon the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment to Subgrant Agreement on April ___, 2003 to be effective as of the date first above written.

**HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO,**
a public body, corporate and politic

By: _____

Name: _____

Its: _____

Date: _____

Approved as to Form:

_____

General Counsel

**SFHA HOUSING CORPORATION**, a California nonpublic public benefit corporation

By: _____

Name: _____

Its: _____

Date: _____

Exhibit E-2

# MODIFICATION OF PROMISSORY NOTE, LEASEHOLD DEED OF TRUST AND LOAN AGREEMENT

**THIS MODIFICATION OF PROMISSORY NOTE, LEASEHOLD DEED OF TRUST AND LOAN AGREEMENT** ("**Agreement**") is made effective as of **September 18, 2000 ("Effective Date")**, by and between **PLAZA EAST ASSOCIATES, L.P.,** a California limited partnership ("**Borrower**") whose address is 1101 Lucas, St. Louis, Missouri 63101, and **SFHA HOUSING CORPORATION,** a California nonprofit public benefit corporation ("**Lender**") whose address is 440 Turk Street, San Francisco, CA 94102.

## RECITALS

The following recitals of fact are a material part of this Agreement:

**A.** On or about September 18, 2000, Borrower obtained a loan from Lender (the "**Loan**") pursuant to a Loan Agreement dated as of September 18, 2000 between Borrower and Lender (the "**Loan Agreement**"), evidenced by a promissory note in the original principal sum of **ELEVEN MILLION SIXTY-FOUR THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS ($11,064,813),** payable to the order of Lender (the "**Note**"). The Note is secured by that certain Leasehold Deed of Trust, Assignment of Rents and Security Agreement recorded September 26, 2000 in the official records of San Francisco County, California, Document No.: 2000-G842138, (the "**Deed of Trust**") (the Note, the Deed of Trust, and Loan Agreement and all other documents evidencing or securing the Loan are referred to hereafter collectively as the "**Loan Documents**").

**B.** The Loan was used partially to fund the costs of acquiring the development rights from the Housing Authority for the City and County of San Francisco (the "**Housing Authority**") to construct a one hundred ninety-three (193) unit multi-family low-income housing project located in the City of San Francisco, on real property legally described in the attached **Exhibit A**; and

**C.** The Borrower and the Housing Authority have agreed to a reduction in the acquisition costs for the development rights as set forth in that certain Amendment to Assignment of Development Rights effective as of September 18, 2000;

**NOW THEREFORE**, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree that the Loan Documents, and each of them shall be amended as of the Effective Date as follows:

**1. Principal Amount of Loan.** The principal amount of the Loan is hereby reduced to **TEN MILLION SEVEN HUNDRED SIXTY-FOUR THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS ($10,764,813).**

2. **Continued Effect of Loan Documents.** Borrower acknowledges and confirms that, as amended herein and hereby, the Loan Documents are hereby confirmed and ratified, and are in full force and effect, as of the date hereof.

3. **Further Documents, Etc.** Borrower hereby agrees to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loan Documents.

4. **Authorization of Agreement.** The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of the Borrower and the Lender and the individuals executing this Agreement on behalf of Borrower and Lender have been duly authorized and empowered to bind Borrower and Lender, as the case may be, by such execution.

5. **Construction of Agreement.** If any provision of this Agreement conflicts with any provision of any Loan Document, the applicable provision of this Agreement shall control.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

This Agreement shall be governed and construed according to the laws of the State of California.

6. **Miscellaneous.** This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parole evidence whatsoever. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns. This Agreement may be signed in any number of counterparts and signature to any one counterpart shall be deemed a signature to all other counterparts, which, when taken together, shall constitute one Agreement.

(Remainder of this page has been left blank intentionally – Signature page follows)

**IN WITNESS WHEREOF**, the undersigned parties have executed this Agreement on the date(s) set forth below to be effective as of the Effective Date.

**BORROWER**:

PLAZA EAST ASSOCIATES, L.P.
a California limited partnership

By: Plaza East Housing Corporation
a California nonprofit public benefit corporation

Its: Managing General Partner

By: _____

Name: _____

Its: _____

Date: _____

By: _____

Name: _____

Its: _____

Date: _____

By: MBA Urban Development Co.
a Missouri corporation

Its: General Partner

By: _____

Name: _____

Its: _____

Date: _____

**LENDER**:

SFHA HOUSING CORPORATION
a California nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

Date: _____

ACKNOWLEDGMENT

STATE OF CALIFORNIA )
)ss
COUNTY OF _____)

On _____ _____, 2003, before me, the undersigned, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Signature

_____
(print name)

STATE OF CALIFORNIA )
)ss
COUNTY OF _____)

On _____ _____, 2003, before me, the undersigned, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Signature

_____
(print name)

STATE OF MISSOURI )
)SS:
CITY OF ST. LOUIS )

On _____ _____, 2003, before, the undersigned, a Notary Public in aforesaid State, personally appeared _____, who being by me duly sworn did say that _he is the _____ of MBA Urban Development Co., a Missouri corporation and the General Partner of Plaza East Associates, L.P., a California limited partnership, and acknowledged before me that said instrument was signed in behalf of said partnership by due authority and acknowledged said instrument to be the free act and deed of said corporation and limited partnership for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.

_____
Notary Public

My Commission Expires:

# EXHIBIT A

Exhibit E-3

# AMENDMENT TO
# ASSIGNMENT OF DEVELOPMENT RIGHTS

This Amendment to Assignment of Development Rights ("Amendment") is made and entered into effective as of September 18, 2000, by and among the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic ("Housing Authority"), and PLAZA EAST ASSOCIATES, L.P., a California limited partnership ("Developer").

WITNESSETH:

WHEREAS, the Housing Authority was selected by the U.S. Department of Housing and Urban Development ("HUD") to receive a grant in the amount of approximately $49,992,377 to be made by HUD to the Housing Authority to assist in the revitalization of two separate and distinct sites in the City and County of San Francisco, including the development of public housing units, in partnership with third parties;

WHEREAS, the Housing Authority entered into an Urban Revitalization Demonstration Program (HOPE VI) Implementation Grant Agreement with HUD effective August 12, 1994 (the "HOPE VI Grant Agreement) to effect such revitalization efforts;

WHEREAS, the Housing Authority selected the Developer for the development and construction of a one hundred ninety-three (193) unit multi-family low-income housing project located in the City of San Francisco (the "Project");

WHEREAS, the Housing Authority incurred certain costs and liabilities for, and acquired certain rights and interests in, the Project;

WHEREAS, the Housing Authority assigned all its right, title and interest in and to the Project, federal low income housing tax credits, construction plans and specifications, contracts, and development rights (collectively referred to hereafter as the "Project Development Rights") to the Developer pursuant to the Assignment of Development Rights by and between the Housing Authority, as assignor, and the Developer, as assignee, dated September 18, 2000 (the "Assignment");

WHEREAS, the parties hereto desire to amend the Assignment as set forth below;

NOW THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration received by the Housing Authority, the adequacy and sufficiency of which is hereby acknowledged, the parties agree to amend the Assignment as follows:

1. Purchase Price. The purchase price for the conveyance, assignment and transfer of the Housing Authority's Project Development Rights is hereby reduced by the amount of $300,000. The amount of the costs associated with the abatement and demolition of the project site assumed by the Developer is hereby reduced by $375,642. In lieu of assuming certain abatement and/or demolition costs, the Developer hereby assumes the

costs incurred by the Housing Authority for geotechnical engineering and other expenses in the amount of $75,642. Exhibit B attached hereto as amended and revised shall be substituted in lieu of Exhibit B attached to the original Assignment.

2. Counterparts. This Amendment may be signed in any number of counterparts and signature to any one counterpart shall be deemed a signature to all other counterparts, which, when taken together, shall constitute one Amendment.

3. Governing Law. This Amendment shall be governed by the laws of the State of California.

[*The remainder of this page has been left blank intentionally – Signature page follows*]

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Development Rights on April ___, 2003 to be effective as of the date and year first stated above.

**HOUSING AUTHORITY:**

HOUSING AUTHORITY OF THE
CITY AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

By:_____
Print Name:_____
Title:_____
Date: _____

**DEVELOPER:**

PLAZA EAST ASSOCIATES, L.P.,
a California limited partnership

By: MBA URBAN DEVELOPMENT CO.
a Missouri corporation,
General Partner

By:_____
Print Name:_____
Title:_____
Date: _____

**EXHIBIT B**

COSTS

I. ACCRUED

Powell and Partners, Architects

Iconco Inc.

Ghilotti Brothers Construction Inc.

II. STATUS

A. PAID

| | |
|---|---|
| Powell and Partners, Architects | $1,465,993 |
| Iconco Inc. | $1,238,862 |
| Ghilotti Brothers Construction Inc. | $ 758,509 |
| Geotechnical Engineering Costs | $ 75,642 |

B. OUTSTANDING

| | |
|---|---|
| Powell and Partners, Architects | $210, 007 |
| Iconco Inc. | $0 |
| Ghilotti Brothers Construction Inc. | $0 |

Exhibit E-4

# FIRST AMENDMENT TO SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF PLAZA EAST ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF PLAZA EAST ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP (this "Amendment") is dated as of April 9, 2003, to be effective as of September 18, 2000, among PLAZA EAST HOUSING CORPORATION, a California non-profit public benefit corporation (the "Managing General Partner"), MBA URBAN DEVELOPMENT CO., a Missouri corporation (the "Developer General Partner" and, together with the Managing General Partner, the "General Partners"), SUNAMERICA HOUSING FUND 893, A NEVADA LIMITED PARTNERSHIP (the "Investment Partnership"), and SLP HOUSING I, LLC, a Nevada limited liability company (the "Special Limited Partner" and, together with the Investment Partnership, the "Limited Partners").

## RECITALS

A. Plaza East Associates, L.P., a California limited partnership (the "Partnership") is governed by its Second Amended and Restated Agreement of Limited Partnership dated as of September 18, 2000 (the "Partnership Agreement") (capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Partnership Agreement).

B. The parties hereto now desire to enter into this Amendment to amend the Partnership Agreement as set forth herein.

## AMENDMENT

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby amend the Partnership Agreement as follows:

1. Section 5.01(c)(ii)(A) Revision. Paragraph (2) of Section 5.01(c)(ii)(A) of the Partnership Agreement is deleted in its entirety and the following is substituted therefor:

> (2) Interest shall accrue on the outstanding principal balance of the Bridge Loan Note at the rate set forth in the Bridge Loan Note.

2. Bridge Loan Note Revision. The Bridge Loan Note in Exhibit D of the Partnership Agreement is deleted in its entirety replaced by Bridge Loan Note attached hereto as Exhibit A.

3. Consents. The Guarantors have evidenced their consent to this Amendment pursuant to the Consent of Guarantors in the form attached hereto as Exhibit B. The General

Partner has evidenced its consent to this Amendment pursuant to the Consent of Debtor in the form attached hereto as Exhibit C. The Managing General Partner has evidenced its consent to this Amendment pursuant to the Consent of Debtor in the form attached hereto as Exhibit D.

4. Effective Date. This Amendment shall be effective as of September 18, 2000.

5. Full Force and Effect. Except as otherwise modified herein the terms and provisions of the Partnership Agreement shall remain unchanged and are hereby ratified and confirmed.

6. Counterparts. This Amendment may be executed in any number of counterparts, and each counterpart shall be deemed for all purposes to be an original, and all such counterparts shall together constitute but one and the same Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed on the date and year first above written.

GENERAL PARTNERS:

MBA URBAN DEVELOPMENT CO., a Missouri corporation, Developer General Partner

By: _____
Name:
Title:

PLAZA EAST HOUSING CORPORATION, a California non-profit public benefit corporation, Managing General Partner

By: _____
Name:
Title:

LIMITED PARTNERS:

SUNAMERICA HOUSING FUND 893, A NEVADA LIMITED PARTNERSHIP

By: AIG SUNAMERICA INC., a Delaware corporation, General Partner

By: _____
Michael L. Fowler, Vice President

SLP HOUSING I, LLC, a Nevada limited liability company

By: SUNAMERICA INVESTMENTS, INC., a Georgia corporation, Member

By: _____
Michael L. Fowler,
Authorized Agent

# EXHIBIT A

# BRIDGE LOAN NOTE

# BRIDGE LOAN NOTE

$22,331,500.00

As of September 18, 2000
San Francisco, California

FOR VALUE RECEIVED, PLAZA EAST ASSOCIATES, L.P., a California limited partnership (the "Maker"), having an address at c/o MBA Urban Development Co., 1101 Lucas Avenue, St. Louis, Missouri 63101-1179, promises to pay to the order of SUNAMERICA HOUSING FUND 893, A NEVADA LIMITED PARTNERSHIP ("Holder"), having an address c/o AIG SunAmerica Inc. at 1 SunAmerica Center, Century City, Los Angeles, California 90067-6022, or at such other address as the Holder may from time to time designate, the principal sum of Twenty Two Million Three Hundred Thirty One Thousand Five Hundred and No/100 Dollars ($22,331,500.00), together with interest thereon at the interest rate set forth below.

Interest shall accrue on the outstanding principal balance of this Note at an interest rate equal to 6.15% per annum until the earlier of construction completion or December 31, 2001. Payments of accrued interest shall be due on the first day of each month until the Maturity Date (as hereinafter defined), commencing on the first day of the first full calendar month following the advance of proceeds under this Note. Payments on this Note shall be applied first to accrued and unpaid interest and then to principal. Any unpaid interest shall accrue and be compounded monthly at the aforementioned interest rate.

Unless the due date of this Note is accelerated upon an Event of Default (as hereinafter defined), no payment of principal shall be due hereunder until the earlier of (a) the date on which the Investment Partnership makes the First Additional Capital Contribution under the Second Amended and Restated Agreement of Limited Partnership of Plaza East Associates, L.P., and (b) August 31, 2003 (the "Maturity Date"), on which Maturity Date the entire principal balance of this Note with interest accrued thereon and any other sums due under this Note shall be immediately due and payable.

All amounts due hereunder shall be payable in lawful money of the United States of America.

The Maker may prepay this note upon ten (10) days' prior written notice to Holder without premium. The Maker shall not be entitled to reborrow any amounts prepaid hereunder.

Time is of the essence hereof.

At the option of Holder, the payment of all principal and interest and any other sums then due and payable under the provisions of this Note will be accelerated and such principal and interest and other sums shall be immediately due and payable without notice or demand upon the earlier to occur of any of the following events (an "Event of Default"):

(a) the failure of Maker to pay any amounts due hereunder when due;

(b) the Maker's making an assignment for the benefit of creditors or filing a voluntary petition in bankruptcy or filing any petition or answer seeking for itself any arrangement, composition, adjustment, liquidation, dissolution or similar relief to which it may be entitled, or filing any answer admitting the material allegations of any petition filed against it in any such proceedings, or seeking or consenting to or acquiescing in the appointment of any trustee, receiver, custodian or liquidator of all or a substantial part of its properties or assets;

(c) the commencement of a bankruptcy or insolvency proceeding against the Maker (unless stayed or dismissed within sixty days);

(d) the removal of a General Partner of Maker pursuant to the Partnership Agreement.

After the Maturity Date or after an Event of Default, the principal amount outstanding and all accrued but unpaid interest thereon shall thereafter bear interest at the Default Rate. "Default Rate" shall mean an interest rate equal to the lesser of (a) eighteen percent (18%), or (b) the highest rate permitted under applicable law.

Each Maker, endorser, cosigner and guarantor of this Note hereby expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and each such Maker, endorser, cosigner and guarantor hereby agrees that the exercise of such rights by Holder shall have no effect on the liability of any other person, primarily or secondarily liable hereunder.

The Maker, for itself and its legal representatives, successors and assigns, expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice of maturity, notice of protest, presentment for the purposes of accelerating the maturity, and diligence in collection, and consents that Holder may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby. To the fullest extent permitted by law, the Maker waives the statute of limitations in any action brought by Holder in connection with this Note.

If Holder employs counsel to collect this Note or otherwise to exercise its remedies, including without limitation filing a claim in connection with any bankruptcy or insolvency proceedings, the Maker shall pay the reasonable fees, costs and expenses of Holder, including without limitation attorneys' fees, whether or not suit is brought.

This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the principal balance at a rate which could subject Holder to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the principal balance at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and interest payable hereunder shall be computed at such maximum rate.

Whenever any party hereto shall desire to, or be required to, give or serve any notice, demand, request or other communication with respect to this Note, each such notice, demand, request or communication shall be in writing and shall be effective only if the same is delivered by personal service (including, without limitation, courier or express service) or mailed certified or registered mail, postage prepaid, return receipt requested, or sent by telegram to the parties at the addresses shown throughout this Note or such other addresses which the parties may provide to one another in accordance herewith. If notice is sent to Holder, a copy of such notice shall also be given to Wayne H. Hykan, Esq., Brownstein Hyatt & Farber, P.C., 410 17th Street, 22nd Floor, Denver, Colorado 80202. Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with the above paragraph will be effective upon execution by the addressee of the Return Receipt Requested.

This Note is a nonrecourse obligation.

This Note may not be terminated or amended orally, but only by a termination in writing signed by Holder or an amendment in writing signed by Holder and Maker.

Maker certifies that this loan is obtained for business or commercial purposes and that the proceeds thereof will not be used primarily for personal, family, household or agricultural purposes.

Maker makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Holder, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

(a) Maker's Employer Identification Number is: 45-1891645, and its principal place of business is c/o MBA Urban Development Co., 1101 Lucas Avenue, St. Louis, Missouri 63101-1179.

(b) Maker agrees that it shall not, without prior written notification to Holder, move or otherwise change its principal place of business.

As additional consideration for the extension of credit, each maker, endorser, cosigner and guarantor of this Note understands and agrees that the Loan is made in the State of California, that this Note has been delivered for value in the State of California, and that the principal place of business of Maker is in the State of Missouri. This Note will be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Such parties further agree that in the event of default, this Note may be enforced in any court of competent jurisdiction in the State of Missouri or the State of California and they do hereby submit to the jurisdiction of any and all such courts regardless of their residence or where this Note or any endorsement hereof may be executed.

**TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND ACKNOWLEDGING THAT THE CONSEQUENCES OF SAID WAIVER ARE FULLY**

**UNDERSTOOD, MAKER HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY, THE RIGHT TO INTERPOSE ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS, ANY CLAIM OF LACHES AND ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION IN ANY ACTION OR PROCEEDING INSTITUTED AGAINST THE MAKER OR ANY OTHER PERSON LIABLE ON THIS NOTE. MAKER ACKNOWLEDGES AND AGREES THAT HOLDER SHALL HAVE ALL RIGHTS OF A THIRD PARTY CREDITOR WITH RESPECT TO THIS NOTE AND MAKER WAIVES AND RELEASES FOR ITSELF ALL CLAIMS TO THE CONTRARY.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Maker has executed this Bridge Loan Note as of the day and year first set forth above.

MAKER:

PLAZA EAST ASSOCIATES, L.P., a California limited partnership

By: MBA URBAN DEVELOPMENT CO., a Missouri corporation, Developer General Partner

By: _____
Name:
Title:

By: PLAZA EAST HOUSING CORPORATION, a California non-profit public benefit corporation, Managing General Partner

By: _____
Name:
Title:

STATE OF _____ )
) ss.
COUNTY OF _____ )

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by _____ as _____ of MBA Urban Development Co., a Missouri corporation, Developer General Partner of Plaza East Associates, L.P., a Missouri limited partnership.

WITNESS my hand and official seal.

My commission expires: _____

_____
Notary Public

STATE OF _____ )
) ss.
COUNTY OF _____ )

On _____, 2003, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

(SEAL)

# EXHIBIT B

# CONSENT OF GUARANTORS

# CONSENT OF GUARANTORS

THE UNDERSIGNED, being the Guarantors under that certain Guaranty Agreement dated as of September 18, 2000 for the benefit of SLP Housing I, LLC, a Nevada limited liability company, and SunAmerica Housing Fund 893, A Nevada Limited Partnership (the "Guaranty Agreement"), hereby consent to the foregoing First Amendment to Second Amended and Restated Agreement of Limited Partnership of Plaza East Associates, L.P., a California limited partnership (the "First Amendment"), and acknowledge that all references in the Guaranty Agreement to the "Partnership Agreement" shall refer to the "Partnership Agreement", as amended by the First Amendment, and that all references in the Guaranty Agreement to the "Indebtedness" shall refer to the "Indebtedness" as amended by the First Amendment. This consent shall not limit any waiver of suretyship defenses contained in the Guaranty Agreements.

EFFECTIVE as of September 18, 2000.

MCCORMACK BARON SALAZAR, INC., a Missouri corporation (formerly known as McCormack Baron & Associates, Inc.)

By: _____
Name:
Title:

MBA PROPERTIES, INC., a Delaware corporation

By: _____
Name:
Title:

_____
Richard D. Baron, Individually

EXHIBIT C

CONSENT OF DEBTOR
(General Partner)

# CONSENT OF DEBTOR

THE UNDERSIGNED, being the Debtor under that certain Pledge and Security Agreement dated as of September 18, 2000 for the benefit of SLP Housing I, LLC, a Nevada limited liability company, and SunAmerica Housing Fund 893, A Nevada Limited Partnership (the "Pledge Agreement"), hereby consents to the foregoing First Amendment to Amended and Restated Agreement of Limited Partnership of Plaza East Associates, L.P., a California limited partnership (the "First Amendment"), and acknowledges that all references in the Pledge Agreement to the "Partnership Agreement" shall refer to the "Partnership Agreement", as amended by the First Amendment, and that all references in the Pledge Agreement to the "Collateral" shall refer to the "Collateral" as amended by the First Amendment.

EFFECTIVE as of September 18, 2000.

MBA URBAN DEVELOPMENT CO., a Missouri corporation

By: _____
Name:
Title:

EXHIBIT D

CONSENT OF DEBTOR
(Managing General Partner)

# CONSENT OF DEBTOR

THE UNDERSIGNED, being the Debtor under that certain Pledge and Security Agreement dated as of September 18, 2000 for the benefit of SLP Housing I, LLC, a Nevada limited liability company, and SunAmerica Housing Fund 893, A Nevada Limited Partnership (the "Pledge Agreement"), hereby consents to the foregoing First Amendment to Amended and Restated Agreement of Limited Partnership of Plaza East Associates, L.P., a California limited partnership (the "First Amendment"), and acknowledges that all references in the Pledge Agreement to the "Partnership Agreement" shall refer to the "Partnership Agreement", as amended by the First Amendment, and that all references in the Pledge Agreement to the "Collateral" shall refer to the "Collateral" as amended by the First Amendment.

EFFECTIVE as of September 18, 2000.

PLAZA EAST HOUSING CORPORATION, a
California non-profit public benefit corporation

By: _____
Name:
Title:

Exhibit E-5

(McCormack Baron Letterhead)

April ___, 2003

Gregg Fortner
Executive Director
San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102

RE: Indemnification for Modification of Plaza East Documents

Dear Mr. Fortner:

McCormack Baron Salazar, Inc. and MBA Properties, Inc. (referred to collectively, hereinafter, as "MBS") hereby acknowledge the modifications made by the San Francisco Housing Authority, or its affiliates, SFHA Housing Corporation and Plaza East Housing Corporation (referred to collectively, hereinafter, as "Authority") to documents previously executed in connection with the HOPE VI and syndication closing of the Plaza East project (the "Project"). These modifications are comprised of: 1) Amendment to the Assignment of Development Rights; 2) First Amendment to the Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"); 3) Amendment to the Zero-Interest Note, Deed of Trust and Loan Agreement; and 4) Amendment to the Subgrant Agreement (SFHA Housing Corporation)(collectively, the "Modified Documents"). These modifications were proposed by MBS for the benefit of MBS and its affiliates, and will not result in any costs or liabilities to the Authority. In the event of any loss of tax credits or any other adverse impact, MBS and not the Authority will be liable for any resulting costs or liabilities due SunAmerica Housing Fund 893, a Nevada limited partnership ("SunAmerica") pursuant to the Plaza East Associates, L.P. Partnership Agreement. In consideration of the Authority's agreement to the Modified Documents, MBS hereby covenants and agrees not to bring any action, suit, complaint, or any cause whatsoever against the Authority in connection with the modifications documented in the Modified Documents and further indemnifies the Authority, its commission members, employees, or agents for any costs (including attorneys' fees), claims, damages, or losses it suffers from claims of SunAmerica pursuant to the Partnership Agreement, or from a claim from the U.S. Department of Housing and Urban Development or U.S. Internal Revenue Service up to a maximum of $300,000, provided, however, that any indemnification provided under this letter shall be limited to situations where the costs or claims are a clear and proximate result of the Authority's execution of any of the Modified Documents.

This indemnification is in addition to any indemnification provided to the Authority by MBS or any other entity in connection with the Project and shall survive until the expiration of the period of limitation for assessment for the last year of the Compliance Period, as that term is defined in the Internal Revenue Code.

Sincerely,

| | |
|---|---|
| _____ | _____ |
| McCormack Baron Salazar, Inc. | MBA Properties, Inc. |

F

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102
(415) 554-1200

**DATE:** **April 18, 2003**

**TO:** **SAN FRANCISCO HOUSING AUTHORITY COMMISSION**

*Sululagi Palega, Sr., President*
*Julie Lee, Vice President*
*George R. Brown, Commissioner*
*Betty J. Smith, Commissioner*
*Andrew J. Clark, Commissioner*
*Neola Gans, Commissioner*
*Rev. George Woodruff, Commissioner*

**FROM:** **GREGG FORTNER, SECRETARY/EXECUTIVE DIRECTOR**

**SUBJECT:** **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH CSG ADVISORS FOR FINANCIAL ADVISORY SERVICES FOR HOPE VI REVITALIZATION AND LEVERAGED FINANCE FOR OTHER PUBLIC HOUSING REVITALIZATION, DEVELOPMENT AND MODERNIZATION IN AN AMOUNT NOT TO EXCEED $225,000**

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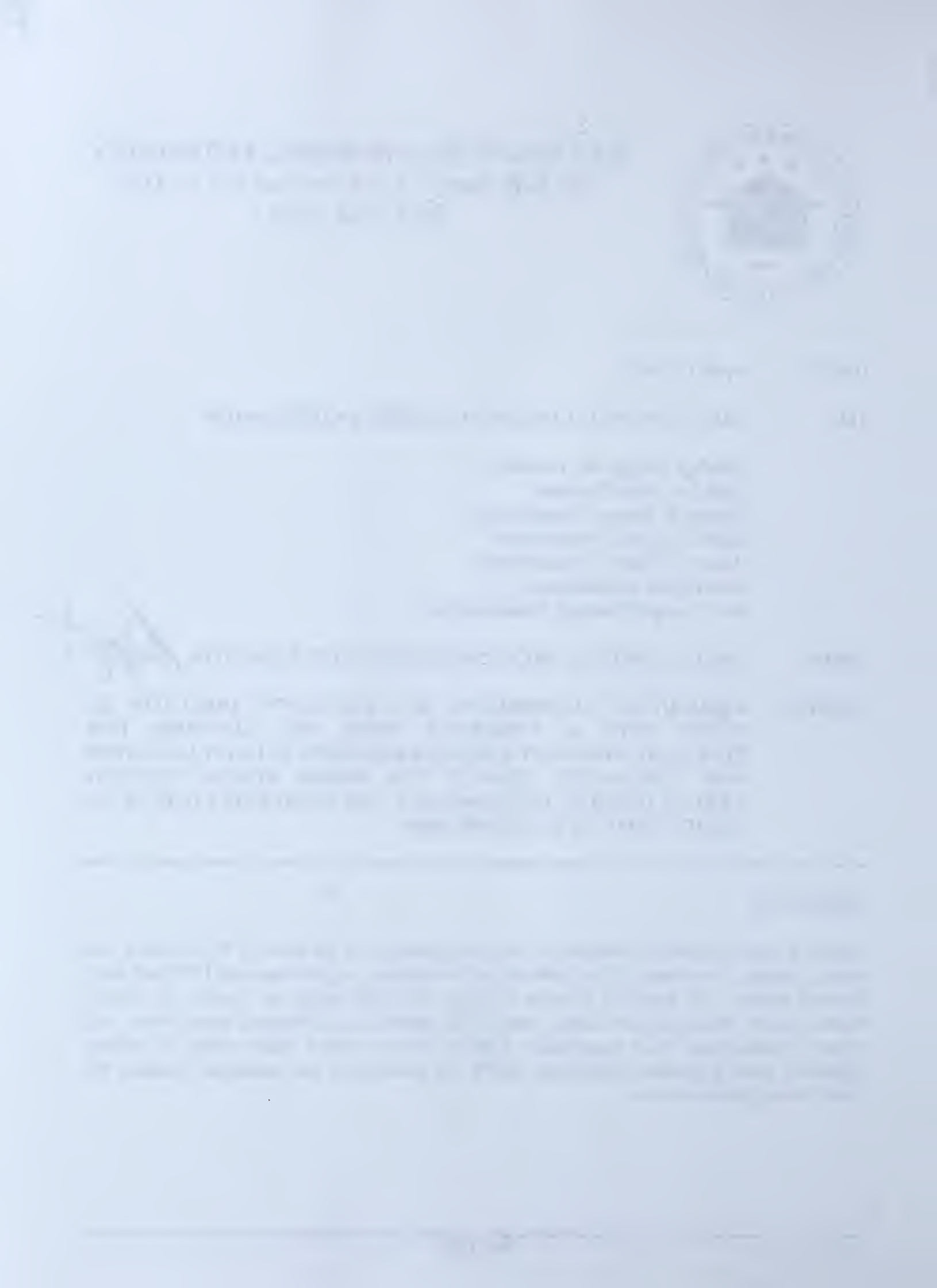
## OBJECTIVE

Obtaining expert specialized financial advice by contracting with the firm of CSG Advisors will serve to protect the interests of the Authority and its clients in negotiations with HUD and other financial partners and maximize financial leverage with HUD funds, tax credits, tax exempt bonds, private financing, state funds, local funds, partnerships, developer negotiations, and investor negotiations. Most importantly, CSG is familiar with a wide variety of national affordable housing finance mechanisms, HOPE VI transactions and leveraged financing for public housing modernization.



## OVERVIEW

This Resolution requests the Commission to authorize the Executive Director to enter into a contract for financial advisory services for the San Francisco Housing Authority's (Housing Authority) HOPE VI revitalization, modernization and other development endeavors.

The Housing Authority has been awarded four (4) HOPE VI grants for revitalization of five public housing sites, totaling approximately $118.5 million that leveraged another $166.8 million in other public and private financing. Other dilapidated Housing Authority sites are being evaluated and plans are being developed for HOPE VI (Hunters View), other revitalization and capital improvement financing. Modernization funding available to the Housing Authority averages $15 million per year. The HUD CFP funding is declining in absolute and relative value and does not begin to keep up with the physical deterioration of the aging public housing stock that is accruing at a rate of approximately $25 million per year. Based on the Housing Authority's June 15, 2002 Physical Needs Assessment final report, there is now a backlog of immediate physical needs totaling $195 million.

The Authority is progressing with its HOPE VI projects, with all sites well on their way towards revitalization. Hayes Valley, Bernal Dwellings and Plaza East are completed and occupied and North Beach is under construction and is expected to be completed by December 2004. The project with TODCO Development to build 85 new units of low income senior housing is also underway and is expected to be completed in July 2004. Valencia Gardens is in stages of predevelopment for Conditional Use approvals, Environmental Clearances, financing commitments and completion of design development documents. Further negotiations with the Valencia Gardens developer and financial structuring will be intensive during the next twelve months. All these aforementioned projects have benefited from and require the ongoing use of knowledgeable and specialized consultants.

The successful and timely completion of our revitalization efforts and expansion of our modernization efforts requires that the Housing Authority have competent specialized financial advice relating to low income housing tax credits, financial modeling, transaction structuring, federal, state, and municipal financing programs, HUD mixed finance and Capital Fund Program regulations and current innovative practices. Specialized financial services is also essential to leverage shrinking public housing dollars for revitalization and modernization of the Housing Authority's aging public housing stock.

## PROCUREMENT

The procurement process for the actions contained in this Resolution meets relevant procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 Rev 1, "Procurement Handbook for Public Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the laws of the State of California (collectively, the "Procurement Requirements").

The San Francisco Housing Authority solicited proposals from financial advisory firms with experience advising public entities on affordable housing revitalization, development and

modernization and expertise in working with HUD and other public and private sources of funding. The firm must be licensed to perform the assigned tasks in the State of California. The financial advisory firm must also comply with the San Francisco Housing Authority resident hiring requirements.

The Request for Proposals was distributed by electronic mail on February 10, 2003 to twenty-nine (29) national financial advisory firms. The list of firms solicited is provided in Exhibit A, which is attached to this transmittal. In addition, solicitation advertisements were placed in the Sunday San Francisco Chronicle and Examiner for two consecutive weekends, on February 9 and 16, 2003.

The goal of the selection process was to obtain the financial advisory services of a firm already experienced in HOPE VI with other innovative financial strategies and transactions, and whose fee structure was reasonable. A wide variety of variations are possible in mixed finance transactions; numerous criteria had to do with detailed experience in several aspects of HOPE VI and non-HOPE VI transactions actually encountered to date by the SFHA.

Proposals were evaluated on the following factors:

A. Firm's past performance and demonstrated ability to analyze and create complex mixed financing structures for public housing developments in a mixed-use urban environment. This includes a precise understanding of securing public and private sources of funds, including but not limited to revenue bonds, low income housing tax credits, conventional loans, Federal, State, and City Subsidies, HOPE VI grants, private source grants, Comprehensive Modernization Grants, and/ or Annual Contribution Contacts; **(20%)**

B. Firm's innovation in finding private and public funding sources and new financing techniques for raising capital, leveraging, and/ or subsidies for developments; **(10%)**

C. Experience with diversity of types and structures of bonds including, but not limited to private placement public sales, fixed and variables; **(10%)**

D. Experience with both 4% and 9% tax credits applications and allocations; **(10%)**

E. Firm's ability to provide sufficient firm resources: organizational resources, breath of service, capacity and flexibility to meet tasks; **(5%)**

F. Detailed Fee Structure (Hourly rate for general services and expenses) **(15%)**

G. Length and depth of experience with HOPE VI development projects, housing authorities and other public entities, HUD and non profit affordable housing developers; **(25%)**

H. MBE/ WBE participants and Affirmative Action practices. **(5%)**

**Total: 100%**

Oral Interviews: The Housing Authority decided to conduct oral interviews with two of the five firms in the competitive range. Duration of the proposed contract by-task is on an hourly basis, but no longer than two (2) years.

Scoring: After a question and answer period ending at 2:00 pm on February 27, 2003, five (5) proposals were received by 2:00 pm on March 13, 2003 2000. The respondents were as follows with the resulting scores:

| # | Financial Advisor Firm | Total Score |
|---|---|---|
| 1 | **David P. Rosen et.al.** | **261** |
| 2 | **CSG Advisors** | **272** |
| 3 | Novogradac | 131 |
| 4 | Reznick et.al. | 126 |
| 5 | TAG Associates | 157 |

Selection Panel: The selection panel consisted of four members. The Chair of the evaluation panel was HOPE VI Planning and Program Development Manager. Other panelists were the Finance Department Accounting Manager/HOPE VI Asset Manager, Human Resources Labor and Employee Relations Manager and the Deputy Director of the Mayor's Office of Housing, former Chief Financial Officer for the Mayor's Office.

After interviewing the two firms, calling references and reviewing the materials submitted in response to the Authority's solicitation, the consolidated rankings of the selection panel were as follows:

1. **David Paul Rosen et.al.** **242 points**
2. **CSG Advisors** **262 points**

A total of 300 points were possible, due to three panelists scoring on 100 points per person.

The selection panel's opinion was that the breadth of experience in low and moderate income housing development, and CSG's participation in a wide variety of HOPE VI developments, tax credit transactions, tax exempt bond issues, CFP leveraged finance, each one uniquely structured, made CSG Advisors the number one choice.

## ANTICIPATED OUTCOMES

Depending on the project and the need, the role of the selected financial advisory firm(s) will include, but not be limited to General Advisory Services (per task and hourly rate, please include hourly schedule)

a. Investigate financial structures that most efficiently use Housing Authority resources, in terms of leveraging other funds and in minimizing the Housing Authority's total financial outlay and risks, including private and public funding resources and new techniques for raising capital and/ or subsidies for development and modernization;

b. Assist in the preparation of project cash flows, proformas, timing, sources and uses of funds that demonstrate optimal use of revenue sources and sale of tax credits to potential investors, and incorporating other sources of revenues;

c. Assist in the identification of and negotiation with tax credit investors, lenders, underwriters, credit enhancers, and other potential development partners;

d. General advisory services on how to proceed with tax exempt financing, including assistance in identifying, soliciting bids from, and negotiating with bond counsel and underwriters , preparation of marketing materials and pre-bid due diligence, and structuring bid formats to assure best terms and price for the Housing Authority;

e. Assist in the preparation and presentation of necessary applications to secure funding sources;

f. Identify the financial implications of terms and conditions and risks imposed on the Housing Authority by investors and ways to mitigate risks;

g. Assist SFHA in the negotiation of financial commitments, fees, expenses and terms of investments and closing of funds;

h. Review of all documents related to the transaction, including, but not limited to, partnership agreements, reserve agreements, property agreements, regulatory and operating agreements and ground leases;

i. Assist in evaluating financial feasibility and implications to the Housing Authority from development and modernization proposals including reviewing and analyzing proposed sources of funds, proformas, operating statements, and reserve requirements and use of Housing Authority funds;

j. Assist in generating a Financial Plan for redevelopment and/or modernization of public housing sites including proposing financial structures that meet HUD requirements and other funding sources if necessary;

k. Assist in negotiating financial obligations and terms with developers and/ or funding sources;

l. Assist in closing the final transactions and statements; and,

m. Other tasks as necessary.

**WHO BENEFITS**

The Authority, as developer and owner of residential housing, and its clients, the low and moderate income residents of the City and County of San Francisco, will benefit by having advocates to protect their interests in complex real estate transactions. Competent special financial advice on low income housing tax credits and partnership structures will ensure that transactions are designed to produce the maximum benefits for low and moderate income residents and ensure the efficient use of scarce funds for housing in the City and County of San Francisco.

CSG has also committed to create productive and instructive instructional sessions for laypersons, residents of public housing and others, as necessary, who may need to better understand the complicated nuances of real estate financial transaction.

**BUDGET CONSIDERATIONS**

Funding for this contract is primarily from HOPE VI and Capital funds. Contracting for outside special financial advisory services is a normal element of HOPE VI development budgets. Additional funding, as needed based on the work to be performed, is available from the Authority's Capital Funds which also provide for contracted special financial services.

**RESIDENT HIRING**

CSG Advisors is a small firm, with a total of ten staff in the San Francisco office, including three support staff. The firm works on highly technical financial issues for SFHA and our other clients.

Despite their small size and limited quantity of clerical tasks, they are firmly committed to offering job opportunities to the residents of the Authority. They will take the following steps to offer job opportunities during the life of the contract:

1. Notify SFHA job-placement staff of any support staff openings in the office, and seriously consider qualified, referred residents for open positions.

2. They will retain the resident for twenty (20) hours per week, for six months, with an option to extend beyond that time. They would intend this placement to be an internship, exposing the resident to a wide variety of office skills and tasks. They would coordinate this with SFHA staff to help the resident gain maximum breadth of experience during the internship. They envision the possibility of training the resident or increasing the resident's skills on

word-processing on our computer system, and possibly extending the training to spreadsheeting skills as well.

3. If during this time, they can define a set of tasks that comprise a part time position for a longer period, they commit to extend the internship. Also, depending on the availability of the intern after the initial period of hire is over, they would like to arrange the ability to hire the resident on an occasional basis to cope with staff vacations and periods of overflow work.

**MBE/WBE STATUS**

Due to the size and nature of the contract, CSG did not propose an MBE/WBE subcontractor. However, CSG Advisors is committed to equal opportunity and nondiscriminatory employment practices. Two of eleven professionals/managers is a minority employee, or 20 percent. Four of eleven professional/managers is female, or 40 percent. Of all employees, three of thirteen are minority employees, or 20 percent. Of all employees, four of thirteen are women, or 30 percent.

**RECOMMENDATION**

I recommend that the Board approve this resolution to contract with the firm of CSG Advisors to provide special financial services for the Authority. The total amount of the contract is not to exceed $225,000.

(Prepared by Barbara T. Smith and Juan S. Monsanto)

RESOLUTION NO. 5096

DATE ADOPTED 4/24/03

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH CSG ADVISORS FOR FINANCIAL ADVISORY SERVICES FOR HOPE VI REVITALIZATION AND LEVERAGED FINANCE FOR OTHER PUBLIC HOUSING REVITALIZATION, DEVELOPMENT AND MODERNIZATION IN AN AMOUNT NOT TO EXCEED $225,000

WHEREAS, the San Francisco Housing Authority (the "SFHA") has ongoing financing and leverage activities at two remaining HOPE VI developments, and is pursuing financing opportunities for other public housing revitalization, development and modernization; and

WHEREAS, each of the revitalization, development and modernization efforts planned and underway potentially involves highly complex and specialized issues of financial structuring with HUD funds, tax credits, tax exempt bonds, private financing, state funds, local funds, partnerships, developer negotiations and investor negotiations; and

WHEREAS, it is essential for the timely and successful completion of the SFHA's HOPE VI programs and maximize opportunities for other revitalization, development and modernization efforts that competent, specialized financial advice and representation be provided to the SFHA; and

WHEREAS, the SFHA finance and development staff currently do not possess the necessary skills, knowledge, and experience to provide the specialized financial advice and representation in these critical areas; and

WHEREAS, the procurement process for the actions contained in this Resolution, as undertaken by the SFHA, meets the relevant procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 Rev 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the laws of the State of California (collectively, the "Procurement Requirements"); and

WHEREAS, an SFHA-designated selection panel received five proposals on March 13, 2003 in response to a Request For Proposals issued by the SFHA on February 10, 2003, interviewed respondents, and reviewed and ranked the proposals; and

WHEREAS, the firm of CSG Advisors has extensive experience and demonstrated expertise in affordable housing finance and development; and

WHEREAS, the selection panel scored the proposal submitted by CSG Advisors as the highest ranking proposal from amongst the five proposals received.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with CSG Advisors for financial advisory services for HOPE VI revitalization and leveraged finance for other public housing revitalization, development and modernization in an amount not to exceed $225,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin, Managing Attorney

Date: 4-18-03

REVIEWED BY:

Gregg Fortner, Executive Director

Date: 4/18/03

**EXHIBIT A**

**FINANCE AND LEVERAGING CONSULTANTS SOLICITED**

## Abromowitz, David

Full Name: David Abromowitz
Company: Goulston & Storrs
400 Atlantic Avenue
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Bus Fax: (617) 574-4016
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## Abt Associates, Inc.

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## Achtenberg, Emily

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47 Halifax Street
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## Alliance for Building Communities

Full Name: Ed Pawlowski
Company: Alliance for Building Communities
830 Hamilton Street
Allentown, PA 18101
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Bus Fax: 610/439-7888
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## Asset Property, Inc.

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Bus Fax: 404/762-0763
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## Ballard Spahr Andrews & Ingersoll, LLP

Full Name: Paul K. Casey
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## Bay Area Economics

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## Boston Financial Group

Full Name: Greg Judge
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Bus Fax: 617/346-7723
E-mail: greg_judge@bosfin.com

Last date a 2/4/03





## Community Development Housing Foundation

Full Name: Community Development Housing Foundation
P. O. Box 111515
Carrollton, TX 75006
Bus: 972/242-1994
Bus Fax: (972) 242-2885
E-mail: CDHFhome4u@aol.com

## Communityworks, LLC

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Company: Communityworks, LLC
2316 Dublin Drive Northwest
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## CSG Advisors, Inc.

Full Name: Margaret Stone
Company: CSG Advisors, Inc.
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Bus Fax: 415/956-2875
E-mail: pstone@csgadvisors.com

## c

### Cypress Asset Management

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Job Title: Operations Manager
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26607 Carmel Center Place, Ste. 101
Carmel, CA 93923
Bus: 831/622-5244
Bus Fax: 831/622-5246
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## d

### David Paul Rosen & Associates

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1330 Broadway, Ste 937
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## d

### Devine & Gong

Full Name: Howard Gong
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160 Sansome Street, 7th Floor
San Francisco, CA 94104

## f

### Fred Consulting

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## g

### Goodwin, Procter & Hoar

Full Name: Goodwin, Procter & Hoar
1717 Pennsylvania Avenue NW, Ste. 500
Washington, DC 20006
Bus: 202/974-1000
Bus Fax: 202/331-9330





## h

### HOPE VI Solution

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1819 Peachtree Road
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## m

### McCormack Baron & Associates

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## n

### National Housing Group, Corp.

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### Nixon Peabody, LLP

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E-mail: msussman&nixonpeabody.com

### NOAH Group, LLC

Full Name: Charles Baumgardner
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## n

### Novogradac & Company

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## r

### Reno & Cavanaugh, LLC

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## s

### Seifel Consulting

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1388 Sutter Street, Ste. 520
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Bus Fax: 415/931-9602
E-mail: Libby@Seifel.com

### Senia Development Services

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Bus Fax: 510/284-5941
E-mail: senia@aol.com





## t

### TAG Associates

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### Telesis Corporation

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1101 30th Street, NW, 4th Floor
Washington, DC 20007
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Bus Fax: (202) 338-1565
E-mail: bwhitman@telesiscorp.com

### The GMS Group, LLC

Full Name: Jim Boudreau
Company: GMS Group, LLC, The
Bldg. 5N, Regent Street, Ste. 513
Livingston, NJ 07039
Bus: 973/548-2557
Bus Fax: 973/556-1500
E-mail: jboudreau@gmsgroup.com





## w

### Walker & Associates

Full Name: Paul Walker
Company: Walker & Associates
1728 Union Street, Ste. 310
San Franicsco, CA 94123

# SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

**DATE:** April 2, 2003
**TO:** Mr. Gregg Fortner, Executive Director B.T. Smith
**FROM:** Barbara T. Smith, Administrator, Housing Development and Modernization Department
**PREPARED BY:** Juan S. Monsanto, Manager, Planning and Program Development Division
**SUBJECT:** RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH CSG ADVISORS FOR FINANCIAL ADVISORY SERVICES FOR HOPE VI REVITALIZATION AND LEVERAGED FINANCE FOR OTHER PUBLIC HOUSING REVITALIZATION, DEVELOPMENT AND MODERNIZATION IN AN AMOUNT NOT TO EXCEED $225, 000 4/2/03

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**I. BACKGROUND AND SUMMARY** (Type on reverse side or attach additional page):

**II. REQUIRED APPROVALS:**

**A. PROCUREMENT:**

Signature 4/18/03 Date

Buyer
Title

**B. FUNDS AVAILABLE:**

Signature 4-17-03 Date

Budget Analyst
Title

Account # Fees + Costs
Line Item

**C. FINANCE:**

Signature 4-17-03 Date

Administrator
Title

**D. MSSD ADMINISTRATION:**

Signature Date

Administrator
Title

**E. LEGAL:**

Signature 4/18/03 Date

Title

**F. CONTRACT DIVISION:**

Signature Date

Contracting Officer-Deputy Administrator
Title

**G. OTHER DEPARTMENT(S):**

Signature Date

Title

**H. EXECUTIVE OFFICE:**

Signature Date

Executive Director
Title

**III. RETURN TO: Lima Ilalio , Sr. Secretary; Ext. 715-3210**

4714

HOUCHEN
BINDERY LTD
UTICA/OMAHA NE.
2004